



**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
Fiscal Year Ended June 30, 2021**



CITY OF COMPTON, CALIFORNIA

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JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Compton
Compton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Compton, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Basis for Qualified Opinions

The allocation of cash to the various funds has not been properly reconciled. We were unable to obtain sufficient appropriate audit evidence about the allocation of cash between funds. We were unable to determine whether any adjustments to these amounts were necessary. All opinion units are affected by this qualification.

Qualified Opinions

In our opinion, except for the possible effects of the matters described in the “Basis for Qualified Opinions”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Compton as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Fund Balances

As discussed in Note III.I. to the financial statements, the City has an approximate total governmental activities negative net position of \$21.0 million, deficit fund balance in its general fund of approximately \$3.5 million, and deficit fund balances in other funds totaling approximately \$39.3 million. See Note VI. B for the City's comments regarding its financial condition. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of changes in net pension liability and related ratios, the schedule of proportionate share of the net pension liability and related ratios, the schedule of plan contributions – pension plan, the schedule of changes in total OPEB liability and related ratios, and the schedule of contributions – OPEB on pages 74-80 be presented to supplement the basic financial statements.

Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund and internal service fund financial statements on pages 82-89 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund and internal service fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the combining and individual nonmajor fund and internal service fund financial statements of the matters described in the "Basis for Qualified Opinions", the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2024, on our consideration of the City of Compton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Compton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Compton's internal control over financial reporting and compliance.

Eadie and Payne, LLP

Riverside, California

May 8, 2024

CITY OF COMPTON, CALIFORNIA
STATEMENT OF NET POSITION
 JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 138,927,274	\$ 30,129,528	\$ 169,056,802
Receivables, net	1,562,083	4,118,139	5,680,222
Due from fiduciary fund	14,055,319	-	14,055,319
Due from other governments	11,389,586	70,550	11,460,136
Other assets	1,484,462	226,241	1,710,703
Noncurrent Assets			
Internal balances	(21,648,754)	21,648,754	-
Restricted investments	44,113,698	8,127,360	52,241,058
Loans receivable, net	399,758	-	399,758
Land held for resale	8,672,980	-	8,672,980
Capital assets:			
Nondepreciable	94,729,975	162,097	94,892,072
Depreciable, net	69,318,043	44,541,301	113,859,344
Total Assets	<u>363,004,424</u>	<u>109,023,970</u>	<u>472,028,394</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of bonds	130,167	-	130,167
Deferred outflow on pension and OPEB	43,573,245	3,335,017	46,908,262
Total Deferred Outflows of Resources	<u>43,703,412</u>	<u>3,335,017</u>	<u>47,038,429</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	5,196,133	3,161,138	8,357,271
Other liabilities	737,651	1,951,912	2,689,563
Unearned revenue	20,355,544	-	20,355,544
Compensated absences due within one year	1,057,635	95,611	1,153,246
Self-insurance claims	3,939,719	-	3,939,719
Bonds and notes payable	4,217,212	3,085,000	7,302,212
Noncurrent Liabilities			
Compensated absences	3,542,679	322,559	3,865,238
Self-insurance claims	17,918,287	-	17,918,287
Bonds and notes payable	73,111,717	51,437,168	124,548,885
Net pension liabilities	141,927,491	8,455,339	150,382,830
Other post-employment benefits payable (OPEB)	152,032,854	17,495,414	169,528,268
Total Liabilities	<u>424,036,922</u>	<u>86,004,141</u>	<u>510,041,063</u>
DEFERRED INFLOW ON RESOURCES			
Deferred inflow on pension and OPEB	3,692,722	233,390	3,926,112
Total Deferred Inflows of Resources	<u>3,692,722</u>	<u>233,390</u>	<u>3,926,112</u>
NET POSITION			
Net investment in capital assets	86,719,089	-	86,719,089
Restricted for:			
Debt service	45,584,750	10,536,980	56,121,730
Capital projects	-	2,608,791	2,608,791
Retirement	64,573,481	-	64,573,481
Housing	28,403,579	-	28,403,579
Grants	4,915,755	-	4,915,755
Transit systems	18,443,041	-	18,443,041
Public works	273,036	-	273,036
Law enforcement	4,320	-	4,320
Unrestricted	(269,938,859)	12,975,685	(256,963,174)
Total Net Position	<u>\$ (21,021,808)</u>	<u>\$ 26,121,456</u>	<u>\$ 5,099,648</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 22,025,609	\$ 6,794,597	\$ 61,939	\$ -
Public safety	45,336,110	2,989,634	369,856	-
Public works	13,503,884	3,896,725	971,740	8,034,643
Management services	18,542,893	-	-	-
Environmental and human services	15,842,088	717,655	14,175,739	-
Interest on long-term debt	1,835,197	-	-	-
Total governmental activities	117,085,781	14,398,611	15,579,274	8,034,643
Business-type activities:				
Water	18,682,467	19,514,756	-	-
Rubbish	6,161,073	6,160,881	-	-
Sewer	2,240,594	2,761,212	-	-
Total business-type activities	27,084,134	28,436,849	-	-
Total	144,169,915	42,835,460	15,579,274	8,034,643

General revenues:

Taxes:

Property taxes

Sales taxes

Utility user taxes

Franchise taxes

Special assessments

Transient occupancy taxes

Real property transfer taxes

Intergovernmental not restricted to specific programs

Investment earnings

Other income

Transfer in from fiduciary fund

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as previously stated

Prior-period adjustments

Net position at beginning of year, as restated

Net position at end of year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue And Change in Net Position			
Governmental Activities	Business-Type Activities	Total	Functions/Programs
\$ (15,169,073)	\$ -	\$ (15,169,073)	Governmental activities:
(41,976,620)	-	(41,976,620)	General government
(600,776)	-	(600,776)	Public safety
(18,542,893)	-	(18,542,893)	Public works
(948,694)	-	(948,694)	Management services
(1,835,197)	-	(1,835,197)	Environmental and human services
(79,073,253)	-	(79,073,253)	Interest on long-term debt
			Total governmental activities
			Business-type activities:
-	832,289	832,289	Water
-	(192)	(192)	Rubbish
-	520,618	520,618	Sewer
-	1,352,715	1,352,715	Total business-type activities
(79,073,253)	1,352,715	(77,720,538)	Total
			General revenues:
			Taxes:
60,768,875	-	60,768,875	Property taxes
28,829,119	-	28,829,119	Sales taxes
12,273,487	-	12,273,487	Utility user taxes
2,737,021	-	2,737,021	Franchise taxes
4,250,343	-	4,250,343	Special assessments
67,925	-	67,925	Transient occupancy taxes
237,088	-	237,088	Real property transfer taxes
814,618	-	814,618	Intergovernmental not restricted to specific programs
1,334,276	50,343	1,384,619	Investment earnings
774,238	-	774,238	Other income
1,748,006	-	1,748,006	Transfer in from fiduciary fund
5,674,762	(5,674,762)	-	Transfers
119,509,758	(5,624,419)	113,885,339	Total general revenues and transfers
40,436,505	(4,271,704)	36,164,801	Change in net position
(116,919,152)	16,880,271	(100,038,881)	Net position at beginning of year, as previously stated
55,460,839	13,512,889	68,973,728	Prior-period adjustments
(61,458,313)	30,393,160	(31,065,153)	Net position at beginning of year, as restated
\$ (21,021,808)	\$ 26,121,456	\$ 5,099,648	Net position at end of year

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Special Revenue Retirement	Capital Projects Compton Housing Successor	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 8,367,603	\$ 72,063,955	\$ 8,626,124	\$ 46,377,123	\$ 135,434,805
Receivables, net	339,095	22,751	4,922	1,195,315	1,562,083
Due from other funds	1,155,566	-	173,997	74,025	1,403,588
Due from fiduciary fund	-	-	14,055,319	-	14,055,319
Due from other governments	9,442,315	533,582	-	1,413,689	11,389,586
Other assets	30,332	702,204	-	679,351	1,411,887
Advances to other funds	9,536,722	-	5,380,878	869,535	15,787,135
Restricted investments	-	-	-	44,113,698	44,113,698
Loans receivable, net	-	-	-	399,758	399,758
Land held for resale	-	-	8,672,980	-	8,672,980
Total Assets	\$ 28,871,633	\$ 73,322,492	\$ 36,914,220	\$ 95,122,494	\$ 234,230,839
LIABILITIES					
Accounts payable and accrued liabilities	\$ 3,941,249	\$ 157,078	\$ 8,852	\$ 836,920	\$ 4,944,099
Other liabilities	119,905	-	-	-	119,905
Due to other funds	905,494	-	-	1,128,366	2,033,860
Unearned revenue	-	-	-	20,355,544	20,355,544
Advances from other funds	27,402,368	-	-	-	27,402,368
Total Liabilities	32,369,016	157,078	8,852	22,320,830	54,855,776
DEFERRED INFLOW ON RESOURCES					
Deferred revenue	-	7,889,729	-	1,899,198	9,788,927
Total Deferred Inflows of Resources	-	7,889,729	-	1,899,198	9,788,927
FUND BALANCES (DEFICITS)					
Nonspendable:					
Other assets	30,332	702,204	-	679,351	1,411,887
Loans receivable, net	-	-	-	399,758	399,758
Land held for resale	-	-	8,672,980	-	8,672,980
Restricted for:					
Debt service	-	-	-	45,584,750	45,584,750
Retirement	-	64,573,481	-	-	64,573,481
Housing	-	-	28,232,388	171,191	28,403,579
Grants	-	-	-	4,915,755	4,915,755
Transit systems	-	-	-	18,443,041	18,443,041
Public works	-	-	-	273,036	273,036
Law enforcement	-	-	-	4,320	4,320
Committed to:					
Purchase orders	2,999,770	-	-	-	2,999,770
Development	-	-	-	431,264	431,264
Assigned	140,727	-	-	-	140,727
Unassigned	(6,668,212)	-	-	-	(6,668,212)
Total Fund Balances	\$ (3,497,383)	\$ 65,275,685	\$ 36,905,368	\$ 70,902,466	\$ 169,586,136

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balances of governmental funds \$ 169,586,136

Amounts reported for governmental activities in the statement of net position are different because:

Capital related items

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds financial statement, but are reported in the governmental activities of the Statement of Net Position.

Capital assets, not being depreciated	94,685,866	
Capital assets, being depreciated	186,793,738	
Less: accumulated depreciation	<u>(119,932,124)</u>	161,547,480

Deferred outflows of resources

Deferred outflows of resources used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Deferred pension and other post-employment benefits outflows	42,441,105	
Deferred amount on refunding, net of amortization	<u>130,167</u>	42,571,272

Long-term liabilities and deferred inflows of resources

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.

Accrued interest	(617,746)	
Compensated absences	(4,456,581)	
Bonds and notes payable	(76,289,990)	
Liabilities resulting from redevelopment agency dissolution	<u>(1,038,941)</u>	(82,403,258)

Liabilities and deferred inflows of resources for pension and other post-employment benefits are not due and payable in the current period, and therefore are not reported in the governmental funds.

Net pension liability	(139,196,887)	
Other postemployment benefits obligation	(146,224,493)	
Deferred pension and other post-employment benefits inflows	<u>(3,639,831)</u>	(289,061,211)

Certain revenues do not provide current financial resources and therefor are unavailable at the fund level.

9,788,927

Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(33,051,154)

Net position of governmental activities in the Statement of Net Position

\$ (21,021,808)

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
FOR THE YEAR ENDED JUNE 30, 2021

	General	Special Revenue Retirement	Capital Projects Compton Housing Successor	NonMajor Governmental Funds	Total Governmental Funds
Revenue:					
Taxes and special assessments	\$ 61,342,888	\$ 34,123,170	\$ 82,351	\$ 4,250,343	\$ 99,798,752
Licenses and permits	5,239,844	-	-	-	5,239,844
Intergovernmental revenues	-	-	-	23,510,504	23,510,504
Fines, forfeitures, and penalties	2,257,023	-	-	-	2,257,023
Use of money and property	41,226	23,388	1,217,117	52,430	1,334,161
Charges for services	3,256,972	-	-	65,073	3,322,045
Other	191,299	-	206,996	1,156,343	1,554,638
Total Revenue	72,329,252	34,146,558	1,506,464	29,034,693	137,016,967
Expenditures:					
Current:					
General government	5,504,699	917,339	1,259,877	1,764,445	9,446,360
Public safety	38,167,329	3,567,263	-	128,970	41,863,562
Public works	2,461,727	1,689,275	-	2,658,931	6,809,933
Management services	3,002,230	15,769,424	-	1,182,655	19,954,309
Environmental and human services	548,156	1,458,276	3,088,859	9,954,872	15,050,163
Debt service:					
Principal	1,490,241	-	-	2,595,000	4,085,241
Interest	30,200	-	-	1,212,476	1,242,676
Capital outlay	6,299,162	-	151,352	10,621,197	17,071,711
Total Expenditures	57,503,744	23,401,577	4,500,088	30,118,546	115,523,955
Excess (Deficiency) of Revenues Over Expenditures	14,825,508	10,744,981	(2,993,624)	(1,083,853)	21,493,012
Other Financing Sources (Uses):					
Bond issuance	-	-	-	41,809,785	41,809,785
Transfer (to) from fiduciary fund	(2,994)	-	1,751,000	-	1,748,006
Transfers in	5,777,376	-	-	4,109,596	9,886,972
Transfers out	(4,915,400)	-	-	(2,045,025)	(6,960,425)
Total Other Financing Sources (Uses)	858,982	-	1,751,000	43,874,356	46,484,338
Net Change in Fund Balance	15,684,490	10,744,981	(1,242,624)	42,790,503	67,977,350
Fund Balances, Beginning As Previously Stated	(16,527,626)	61,445,994	36,046,217	29,488,733	110,453,318
Prior Period Adjustment	(2,654,247)	(6,915,290)	2,101,775	(1,376,770)	(8,844,532)
Fund Balances, Beginning	(19,181,873)	54,530,704	38,147,992	28,111,963	101,608,786
Fund Balances, Ending	\$ (3,497,383)	\$ 65,275,685	\$ 36,905,368	\$ 70,902,466	\$ 169,586,136

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**
 JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 67,977,350

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay that was capitalized exceeded depreciation expense in the current period.

Capital outlay	14,488,075
Depreciation	(7,176,724)

Long-term liabilities transactions

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Other long-term liabilities are not recorded as expenditures in the governmental funds but as expenses in the statement of activities. Unamortized bond discount on issue and deferred charges on refundings are included in the statement of net position and are amortized as a component of expense in the statement of activities.

Principal payments	4,085,241
Bond issuance	(41,809,785)
Change in accrued interest and amortization of bond premium/discount	(592,521)
Change in compensated absences	(341,820)
Change in pension liability	(2,407,700)
Change in other postemployment benefits obligation	2,057,265

Deferred Inflows

Deferred revenues	9,788,927
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Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to individual City funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily service governmental activities of the City.

(5,631,803)

Change in net position of governmental activities	<u>\$ 40,436,505</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	Water	Rubbish	Sewer	Internal Service Funds	
ASSETS					
Current assets					
Cash and investments	\$ 25,165,800	\$ 734,882	\$ 4,228,846	\$ 30,129,528	\$ 3,492,469
Receivables, net	2,623,338	1,228,713	266,088	4,118,139	-
Due from other funds	441,261	-	252,541	693,802	1,636
Due from other governments	1,923	41,861	26,766	70,550	-
Other assets	226,241	-	-	226,241	72,575
Total current assets	28,458,563	2,005,456	4,774,241	35,238,260	3,566,680
Noncurrent Assets					
Advances to other funds	13,312,417	-	7,617,271	20,929,688	1,250,591
Restricted investments	3,470,876	-	4,656,484	8,127,360	-
Capital assets:					
Nondepreciable	162,097	-	-	162,097	44,109
Depreciable, net	37,639,390	-	6,901,911	44,541,301	2,456,431
Total noncurrent assets	54,584,780	-	19,175,666	73,760,446	3,751,131
Total Assets	83,043,343	2,005,456	23,949,907	108,998,706	7,317,811
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflow on pension and OPEB	3,031,559	172,242	131,216	3,335,017	1,132,140
Total Deferred Outflows of Resources	3,031,559	172,242	131,216	3,335,017	1,132,140
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	1,794,641	973,830	392,667	3,161,138	252,034
Other liabilities	1,727,412	224,500	-	1,951,912	-
Due to other funds	-	-	-	-	65,166
Compensated absences	91,333	4,170	108	95,611	33,046
Self-insurance claims	-	-	-	-	3,939,719
Bonds and notes payable	1,095,000	1,000,000	990,000	3,085,000	-
Total current liabilities	4,708,386	2,202,500	1,382,775	8,293,661	4,289,965
Noncurrent Liabilities					
Compensated absences	305,931	16,264	364	322,559	110,687
Advances from other funds	-	-	-	-	10,565,046
Self-insurance claims	-	-	-	-	17,918,287
Bonds and notes payable	35,193,299	200,000	16,043,869	51,437,168	-
Net pension liabilities	7,311,802	415,432	728,105	8,455,339	2,730,604
Other post-employment benefits payable	15,553,187	883,681	1,058,546	17,495,414	5,808,361
Total noncurrent liabilities	58,364,219	1,515,377	17,830,884	77,710,480	37,132,985
Total Liabilities	63,072,605	3,717,877	19,213,659	86,004,141	41,422,950
DEFERRED INFLOW OF RESOURCES					
Deferred inflow on pension and OPEB	141,628	8,046	83,716	233,390	52,891
Total Deferred Inflows of Resources	141,628	8,046	83,716	233,390	52,891
NET POSITION					
Net investment in capital assets	1,513,188	-	-	1,513,188	2,500,540
Restricted for:					
Debt service	3,465,275	-	7,071,705	10,536,980	-
Capital projects	5,601	-	2,603,190	2,608,791	-
Unrestricted (deficit)	17,876,605	(1,548,225)	(4,891,147)	11,437,233	(35,526,430)
Total Net Position (Deficit)	\$ 22,860,669	\$ (1,548,225)	\$ 4,783,748	\$ 26,096,192	\$ (33,025,890)
Adjustment to reflect the consolidation of internal service fund activities				25,264	
Net Position of Business-type Activities				\$ 26,121,456	

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water	Rubbish	Sewer		Internal Service Funds
Operating revenues:					
Charges for services	\$ 19,513,818	\$ 6,041,380	\$ -	\$ 25,555,198	\$ -
Charges to other funds	-	-	-	-	3,203,509
Sewer capital improvement charges	-	-	2,761,212	2,761,212	-
Other	938	119,501	-	120,439	90,000
Total operating revenues	<u>19,514,756</u>	<u>6,160,881</u>	<u>2,761,212</u>	<u>28,436,849</u>	<u>3,293,509</u>
Operating expenses:					
Salaries and wages	8,394,086	922,053	2,579	9,318,718	4,687,027
Contractual services	351,456	4,624	402,602	758,682	2,335,674
Materials and supplies	3,388,196	-	1,200	3,389,396	244,601
Repairs and maintenance	777,309	5,211,599	74,500	6,063,408	61,181
Utilities	296,309	-	-	296,309	-
Other expenses	161,993	-	3,503	165,496	45,210
Bad debt expense	64,855	(9,159)	2,655	58,351	-
Self-insurance services	-	-	-	-	4,149,259
Depreciation	2,764,132	-	566,575	3,330,707	598,813
Total operating expenses	<u>16,198,336</u>	<u>6,129,117</u>	<u>1,053,614</u>	<u>23,381,067</u>	<u>12,121,765</u>
Operating income (loss)	<u>3,316,420</u>	<u>31,764</u>	<u>1,707,598</u>	<u>5,055,782</u>	<u>(8,828,256)</u>
Nonoperating revenues (expenses):					
Investment income	31,445	2	18,896	50,343	115
Interest expense	(2,218,833)	(498)	(1,035,613)	(3,254,944)	-
Total nonoperating revenues (expenses)	<u>(2,187,388)</u>	<u>(496)</u>	<u>(1,016,717)</u>	<u>(3,204,601)</u>	<u>115</u>
Income (loss) before transfers	1,129,032	31,268	690,881	1,851,181	(8,828,141)
Transfers in	23,798	1,441	-	25,239	3,048,805
Transfers out	(5,600,000)	(100,000)	-	(5,700,000)	(300,591)
Net transfers in/(out)	<u>(5,576,202)</u>	<u>(98,559)</u>	<u>-</u>	<u>(5,674,761)</u>	<u>2,748,214</u>
Change in net position	(4,447,170)	(67,291)	690,881	(3,823,580)	(6,079,927)
Net position, beginning, as previously stated	15,069,694	(1,479,912)	2,817,101		(27,816,234)
Prior period adjustment	12,238,145	(1,022)	1,275,766		870,271
Net position, beginning	<u>27,307,839</u>	<u>(1,480,934)</u>	<u>4,092,867</u>		<u>(26,945,963)</u>
Net position, ending	<u>\$ 22,860,669</u>	<u>\$ (1,548,225)</u>	<u>\$ 4,783,748</u>		<u>\$ (33,025,890)</u>
Adjustment to reflect the consolidation of internal service fund activities				(448,124)	
Changes in Net Position of Business-type Activities				<u>\$ (4,271,704)</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	Water	Rubbish	Sewer	Internal Service Funds	
Cash flows from operating activities:					
Cash received from customers	\$ 19,155,642	\$ 5,990,659	\$ 2,713,171	\$ 27,859,472	\$ 3,293,509
Cash payments to suppliers for goods and services	(5,177,147)	(5,103,282)	(566,822)	(10,847,251)	(4,751,732)
Cash payment to employees for services	(2,087,891)	(114,603)	(2,559)	(2,205,053)	(725,924)
Net cash provided by (used in) operating activities	11,890,604	772,774	2,143,790	14,807,168	(2,184,147)
Cash flows from non-capital financing activities:					
Taxes and special assessments	-	(14,327)	(9,321)	(23,648)	-
Advances to other funds	336,624	-	192,614	529,238	(1,200,000)
Advances from other funds	-	-	-	-	4,400,000
Transfers in	23,798	1,441	-	25,239	3,048,805
Transfers out	(5,600,000)	(100,000)	-	(5,700,000)	(300,591)
Net cash provided by (used in) non-capital financing Activities	(5,239,578)	(112,886)	183,293	(5,169,171)	5,948,214
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(1,022)	(17,696)	(18,718)	(387,728)
Disposals of capital assets	155,601	-	-	155,601	-
Interest paid on long-term debt	(2,205,906)	(2,998)	(1,037,178)	(3,246,082)	-
Principal paid on long-term debt	(1,040,000)	(125,000)	(935,000)	(2,100,000)	-
Net cash used in capital and related financing activities	(3,090,305)	(129,020)	(1,989,874)	(5,209,199)	(387,728)
Cash flows from investing activities:					
Decrease (increase) in restricted investment	4,813	128,365	27,552	160,730	-
Interest received on investments	31,445	2	18,896	50,343	115
Net cash provided by (used in) investing activities	36,258	128,367	46,448	211,073	115
Net increase (decrease) in cash and cash equivalents	3,596,979	659,235	383,657	4,639,871	3,376,454
Cash and cash equivalents, beginning	21,568,821	75,647	3,845,189	25,489,657	116,015
Cash and cash equivalents, ending	\$ 25,165,800	\$ 734,882	\$ 4,228,846	30,129,528	\$ 3,492,469

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water	Rubbish	Sewer		Internal Service Funds
Reconciliation of operating income (loss) to net					
Cash provided by (used in) operating activities:					
Operating income (loss)	\$ 3,316,420	\$ 31,764	\$ 1,707,598	\$ 5,055,782	\$ (8,828,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,764,132	-	566,575	3,330,707	598,813
Changes in operating assets and liabilities:					
Decrease (increase) in accounts receivable	(294,259)	(179,381)	(45,386)	(519,026)	-
Decrease (increase) in due from other funds	-	-	-	-	3,898,364
Decrease (increase) in inventories, at cost	7,293	-	-	7,293	-
Decrease (increase) in other assets	-	-	-	-	(49,676)
Increase (decrease) in due to/from / advances	(441,261)	-	-	(441,261)	-
Increase (decrease) in accounts payable	23,486	(40,265)	347	(16,432)	53,859
Increase (decrease) in accrued liabilities	263,221	33,706	(85,364)	211,563	26,897
Increase (decrease) in due to other funds	-	-	-	-	(4,134,833)
Increase (decrease) in deposits payable	(54,623)	119,500	-	64,877	-
Increase (decrease) in OPEB payable	4,927,101	767,297	12	5,694,410	3,948,354
Increase (decrease) in retirement payable	1,336,819	40,650	7	1,377,476	69,755
Increase (decrease) in self-insurance claims	-	-	-	-	2,311,739
Increase (decrease) in compensated absences	42,275	(497)	1	41,779	(79,163)
Net cash provided by (used in) operating activities	<u>\$11,890,604</u>	<u>\$ 772,774</u>	<u>\$ 2,143,790</u>	<u>\$14,807,168</u>	<u>\$ (2,184,147)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and investments	\$ 35,574,272	\$ 722,295
Restricted investments	18,360,431	-
Accounts receivable	25,474	-
Due from other governments	-	23,423
Land held for resale	10,949,246	-
Capital assets:		
Nondepreciable	1,296,179	-
Depreciable, net	12,264,324	-
Total Assets	<u>78,469,926</u>	<u>745,718</u>
Liabilities		
Accounts payable	105,447	14,785
Accrued liabilities	2,735,612	23,231
Due to City funds	14,055,319	-
Other liabilities	371,672	527,822
Long-term liabilities:		
Due within one year	8,467,052	-
Due in more than one year	91,913,063	-
Total Liabilities	<u>117,648,165</u>	<u>565,838</u>
Net Position		
Restricted for:		
Individuals, organizations, and other governments	(39,178,239)	179,880
Total Net Position	<u>\$ (39,178,239)</u>	<u>\$ 179,880</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
Additions:		
Taxes and special assessments	\$ 16,774,761	\$ 93,483
Use of money and property	184,818	-
Total Additions	<u>16,959,579</u>	<u>93,483</u>
Deductions:		
Administrative costs	502,094	52,389
Project improvement costs	175,528	-
Debt service - interest	5,470,214	-
Land held for sale adjustment	3,362,101	-
Depreciation	561,468	-
Contributions to other City funds	1,748,006	-
Total deductions	<u>11,819,411</u>	<u>52,389</u>
Change in net position	5,140,168	41,094
Net position (deficit) - beginning, as previously stated	(14,002,802)	139,764
Prior period adjustment	<u>(30,315,605)</u>	<u>(978)</u>
Net position (deficit) - beginning	<u>(44,318,407)</u>	<u>138,786</u>
Net position (deficit) - ending	<u>\$ (39,178,239)</u>	<u>\$ 179,880</u>

The accompanying notes are an integral part of the financial statements.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Compton, California (City) was incorporated on May 1, 1888, under the laws of the State of California and enjoys all the rights and privileges applicable to a charter city. The City is governed by an elected Mayor and City Council. These financial statements present the City (the primary government) and its component units. For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions, and authorities, and has considered all potential component units for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

Blended Component Units

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and so data from these units is combined with data of the primary government. Component units should be included in the reporting entity financial statements using the blended method in any of the following circumstances:

- i. The component unit's governing body is substantially the same as the governing body of the primary government (the City) and (1) the existence of a financial benefit or burden relationship between them or (2) management of the City has operational responsibility for the component unit.
- ii. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to the City.
- iii. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with City resources.

The component units discussed below are included in the reporting entity because the City Council serves as the governing board and the City's management has operational responsibility over them.

Public Finance Authority (PFA). The PFA was organized in 1987 under a joint exercise of powers agreement to provide financing for public capital improvements for the City and the Community Redevelopment Agency (Agency). The PFA's financial activity is reported in a separate debt service fund.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued)

City of Compton Housing Authority (Housing Authority). The Housing Authority was established in 1969 pursuant to State legislation. On December 1, 1976, the Housing Authority entered into an Annual Contributions Contract with the Department of Housing and Urban Development (HUD) and received allocation of Section 8 Certificate units. The Housing Authority operates two programs: the Housing Choice Voucher Program, which provides monthly rental assistance to participants who want to rent from private landlords, but cannot afford the full monthly payment and the Family Self-Sufficiency (FSS) Program, which assists families in creating plans that will lead to economic independence.

B. Financial Statement Presentation

In accordance with Governmental Accounting Standards Board Statement No. 34, the City's basic financial statements should consist of the following:

- Government-Wide Financial Statements;
- Fund Financial Statements; and
- Notes to the Basic Financial Statements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present financial information for the City as a whole, while distinguishing between governmental and business-type activities. Fiduciary activities of the City are not included in these statements.

Most of the City's basic services are considered to be governmental activities, including general government, public safety, public works, management services, and environmental and human services. Property tax, utility user tax, franchise tax, special assessments, transient occupancy tax, real property transfer tax, and user fees and charges financially support these activities.

The City's enterprise operations are classified as business-type activities. These operations consist of water, rubbish, and sewer. These activities generally recover the cost of providing services from customer fees and charges.

Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services; (2) grants and other contributions; and (3) capital grants and contributions.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

The Statement of Activities demonstrates the degree to which expenses, both direct and indirect, of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the City's cost allocation plan.

Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities. In the Statement of Net Position, internal service assets and liabilities have been combined with the governmental funds and presented as governmental activities.

A reconciliation of the difference between the Governmental Fund Financial Statement and the Government-Wide Financial Statement is provided as part of the Governmental Fund Financial Statements.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major governmental funds. Non-Major Governmental Funds are combined for presentation in Governmental Fund Statements. The following funds have been determined to be the City's major governmental funds:

- General Fund: This fund is always a major fund and is used to account for financial resources traditionally associated with government activities, which are not legally required to be accounted for in another fund.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

- Retirement Special Revenue Fund: This fund accounts for the contributions made by the City to its public employees' retirement system. The activity is financed from a special tax levy.
- Compton Housing Successor Capital Projects Fund: This fund is used to account for the housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the Agency.

Governmental funds are accounted for using a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues available if they are collected within 60 days after year-end with the exception of sales tax, which is based on the California Department of Tax and Fee Administration (CDTFA) reporting period through June of the fiscal year for which payment is received in September. Property tax, sales tax, intergovernmental revenues, and other taxes are accrued as appropriate. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The availability period for revenue recognition for grants receivable is one year after the year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for unmatured principal and interest on long-term debt, which is recognized when due.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows for each major fund. A column representing Internal Service Funds in total is also presented in these statements.

The proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises wherein the cost of goods and services to the general public are financed or recovered primarily through user charges.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

The following enterprise funds have been determined to be the City's major proprietary funds:

- **Water Fund:** This fund is used to account for the provision of water to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing, billing, collection, and upgrading portions of the City's water system.
- **Rubbish Fund:** This fund is used to account for the provision of rubbish collection services to residents and businesses within the City.
- **Sewer Fund:** This fund is used to account for the costs of replacing and upgrading portions of the City's sewer system and its operations.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included within the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Internal Service Funds

Internal service funds account for services to other departments on a cost-recovery basis. Internal service funds include equipment rental, central duplication, and self-insurance. Internal service funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Internal service funds are reported in total on the proprietary funds statements.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statement Presentation (continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The City's fiduciary funds consist of the following:

- Agency Funds: Agency funds are used to account for funds in which the City is acting as an agent for another agency.
- Private-Purpose Trust Fund: This fund is to account for custodial responsibilities that are assigned to the Successor Agency with the passage of Assembly Bill 1X 26 (AB 1X 26) and was established on February 1, 2012. The fund accounts for the receipt of property tax revenues subsequent to the dissolution of the Agency and expenses incurred pursuant to the recognized obligation payment schedule (ROPS) approved by the State Department of Finance.

The Trust Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. However, the agency funds do utilize the accrual basis of accounting. The City's agency funds are as follows:

- Cable TV Government Access Fund
- Cable Public Access Fund
- Employee Concession Fund
- Refundable Deposits Fund

Successor Agency to the Community Redevelopment Agency (Successor Agency). The Successor Agency was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency. The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements

The following GASB pronouncements became effective in the fiscal year ended June 30, 2021.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations, legally enforceable liabilities associated with the retirement of a tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The provisions of this Statement are effective for fiscal years beginning after June 15, 2019.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Major Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The GASB issued several pronouncements prior to June 30, 2021, that have effective dates that may impact future financial statements. The impact of the implementation of the following Statements to the City's financial statements has not been assessed at this time.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (continued)

Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City is implementing Statement No. 87 in fiscal year 2022.

Statement No. 91, *Conduit Debt Obligations*. Statement 91 provides a single method for government issuers to report conduit debt obligations and related commitments and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Statement No. 91 does not significantly impact the City.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Statement No. 94 does not significantly impact the City.

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City is implementing Statement No. 96 in fiscal year 2023.

This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. New Accounting Pronouncements (Continued)

Statement No. 101, *Compensated Absences*. Statement No. 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

D. Cash and Investments

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Investments

The City's investments are stated at fair value. The City's investment in Local Agency Investment Fund (LAIF) is part of the State Treasurer's Investment Pool operated in accordance with the California Government Code Section 16429. The reported value of the pool is the same as the fair value of the pool shares. Investments in money market mutual funds are stated at fair value, which as of the year-end equals to the cost of the investments in the money market mutual funds.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets;

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and

Level 3: Investments reflect prices based upon unobservable sources.

Investment Income

Investment income earned on pooled cash and investments is allocated monthly to the General Fund and those other funds for which such allocation is a legal contractual requirement based on the average month-end cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related fund. Income from non-pooled investments is recorded in the appropriate fund based on the specific investments held by the trustee of the fund. Changes in the fair value of investments are recognized in investment income at the end of each year.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City, including amounts for unbilled services. Receivables are shown net of an allowance for uncollectible accounts where applicable.

Notes receivable include both the current and long-term portions of loans issued by the City. Business development loans are reported in both special revenue and fiduciary funds. Notes receivable are reported as an asset in the amount of loan proceeds disbursed, net of allowance. Depending on the original funding source, the City reports unavailable revenue equal to the loan amount and recognize a revenue when principal payments are received.

In the government-wide financial statements, receivables are recognized as revenue when earned. Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed.

F. Inventories

Enterprise fund inventories include various accessories used for water service repair and maintenance. Inventories in governmental and internal service funds consist principally of office supplies, recreational activity supplies, and other miscellaneous materials and supplies. Inventories are valued at lower of average cost or market and are included in other assets.

G. Land Held for Resale

Land acquired by the Agency and held for resale by the Successor Agency and the Housing Successor is accounted for as an investment and recorded at the lower of cost or estimated realizable value. Estimated realizable value is based upon the execution of a disposition and development or sale agreement, appraisal of the property, or comparison of sales. Land held for resale, which is not available for current expenditure, is reported in the governmental funds balance sheet as restricted fund balance when proceeds from the sale must be used for restricted purposes or as nonspendable fund balance when such proceeds are not restricted.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

The City's assets for governmental, business-type and fiduciary activities are capitalized at historical cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. City policy has set the capitalization threshold at \$10,000. Contributions of capital assets are recorded at acquisition value when received.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	5 - 50 years
Land improvements	5 - 20 years
Equipment	3 - 10 years
Infrastructure	25 - 80 years

The City's convention for depreciation in the fiscal year of asset acquisition is for 12 months, regardless when the asset is placed into service during the year.

Infrastructure assets are defined as "long-lived capital assets" that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Land is valued at original cost without depreciation.

I. Compensated Absences

All compensated absences are accrued when earned in the Government-Wide and Proprietary Funds Financial Statements. Compensated absences are recorded as a liability and expenditure in the governmental funds when due and payable, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources.

J. Claims and Judgments

Material claims and judgments are recorded as a liability when it is probable that a claim has been incurred and the amount of the loss can be reasonably estimated. The City records the estimated loss including those incurred but not reported, net of any insurance coverage, in an internal service fund under its self-insurance program.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position and Governmental Fund Balance Sheet report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for pension and OPEB contributions made after the actuarial measurement date, deferred outflows for pension and OPEB plan related changes in proportion and differences between expected and actual experiences, deferred outflows for charges on debt refunding in the Government-Wide and Proprietary Fund Statements of Net Position and Fiduciary Funds. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. Other deferred outflows on pension and OPEB plans are amortized over the expected average remaining service life (EARSL) or 5 years. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the refunded or refunding debt.

In addition to liabilities, the Statements of Net Position and Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has unavailable revenues that qualify for reporting in this category in the Governmental Fund Balance Sheet. The governmental funds report unavailable revenues from four sources: investment income, taxes, grants, and miscellaneous charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City has deferred inflows of resources relating to the net pension and OPEB obligation reported in the Government-Wide Statement of Net Position, the Proprietary Funds, and the Fiduciary Funds. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension and OPEB plan investments, changes in assumptions, and differences between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service life (EARSL) or 5 years period on a straight-line basis.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances and Net Position

The accompanying financial statements report the components of fund balances for governmental funds consistent with GASB 54.

Nonspendable fund balance - This includes amounts that cannot be spent because they are either not spendable in form (such as prepaid items) or legally or contractually required to be maintained intact (such as endowments).

Restricted fund balance - This includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance - This includes amounts that can be used only for specific purposes as defined in the City Charter or through adoption of a resolution or an ordinance by the City Council, the highest level of decision making authority in the City. The City has determined that both a resolution and an ordinance are equally binding. These commitments may be changed or lifted, but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be subsequently determined.

Assigned fund balance - This includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for a specific purpose.

Unassigned fund balance - this includes all amounts not included in other classifications.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In the Government-Wide and Proprietary Funds Financial Statements, net position of the City includes the following categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings, including any related debt premiums, and discounts, that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, the unspent proceeds and the amount of the related debt are included in the calculation of restricted net position.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances and Net Position (continued)

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted assets are reduced by liabilities related to those assets in determining restricted net position.

Unrestricted net position - This resulting category presents the remaining City net position, and this measure of equity is unrestricted, legally or otherwise.

The accounting policies of the City consider restricted funds spent first when expenditure is incurred for purposes for which both restricted and unrestricted funds are available.

N. Property Tax Revenue

The County of Los Angeles is responsible for assessing, collecting, and distributing property taxes to the City. The following property tax calendar is used:

Lien date	January 1
Levy date	4th Monday of September
Due dates	November 1 and February 1
Delinquency date	December 11 and April 11

The City considers property taxes as available and records revenues if they are collected within 60 days after year-end. Property tax receivables are adjusted to their net realizable values by deducting any estimated uncollectible amounts reported to the City for any unsecured property taxes.

O. Utility Revenue

Utility revenue is recorded when earned and customers are billed monthly. The estimated value of services provided, but unbilled at year-end, is included in the accompanying basic financial statements.

P. Use of Estimates

The preparation of the City's basic financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Budgets and Budgetary Accounting

The City develops and presents a one-year budget to the City Council. Annual operating and capital improvement expenditures are adopted by resolution. This resolution constitutes the authorized expenditures for the fiscal year. The City's annual budget is the legally-adopted expenditure control document of the City. Budgets are prepared on the modified accrual basis of accounting, consistent with GAAP. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the object level. The City Manager may transfer budgeted amounts from one object to another object if they are within the same fund group by no more than \$25,000 per object. A budgetary transfer of more than \$25,000 per object may only be authorized by a resolution of City Council.

R. Encumbrances

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or services. Even though unencumbered appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

S. Subsequent Event

In preparation of these financial statements, the City considered subsequent events through May 8, 2024, which is the date these financial statements were available to be issued. Please also see Note VI. A Commitment and Contingencies.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

II. PRIOR PERIOD ADJUSTMENT

Effective July 1, 2020, the City made restatements to the fund balances and net position as follows:

Governmental Funds	Compton Housing			NonMajor
	General Fund	Retirement Fund	Successor	Governmental Funds
Fund balance, as previously stated	\$ (16,527,626)	\$ 61,445,994	\$ 36,046,217	\$ 29,488,733
<u>Corrections of errors</u>				
To accrue wages	(648,847)	-	-	(52,833)
To correct Section 8 fund balance	553,732	-	-	(1,541,220)
To record prior year revenue to correct fund	106,704	-	-	103,695
To record adjustment to interest expense	(156,037)	-	-	-
To adjust prior year revenue	(1,002,390)	(6,886,508)	-	-
To adjust interest income	(870,788)	-	1,001,783	-
To record debt service cash transfers	(195,644)	-	-	-
To record transfers to Successor Agency	(367,642)	-	-	-
To reclassify payments on loans	-	-	855,000	(855,000)
To record loans receivable	-	-	248,786	272,796
To record unearned/deferred revenue	-	-	-	(312,859)
All other adjustments	(73,335)	(28,782)	(3,794)	1,008,651
Total prior period adjustments	(2,654,247)	(6,915,290)	2,101,775	(1,376,770)
Fund balance, as restated	\$ (19,181,873)	\$ 54,530,704	\$ 38,147,992	\$ 28,111,963

Proprietary Funds	Water	Rubbish	Sewer
	Fund balance, as previously stated	\$ 15,069,694	\$ (1,479,912)
<u>Corrections of errors</u>			
To adjust capital assets after inventory and valuation procedures	12,082,542	-	834,775
To record interest income	410,337	-	234,843
All other adjustments	(254,734)	(1,022)	206,148
Total prior period adjustments	12,238,145	(1,022)	1,275,766
Fund balance, as restated	\$ 27,307,839	\$ (1,480,934)	\$ 4,092,867

Fiduciary Funds	Successor Agency	
	Private-Purpose Trust Fund	Agency Funds
Fund balance, as previously stated	\$ (14,002,802)	\$ 139,764
<u>Corrections of errors</u>		
To adjust capital assets after inventory and valuation procedures	(28,257,490)	-
To adjust bond payable	(2,057,724)	-
All other adjustments	(391)	(978)
Total prior period adjustments	(30,315,605)	(978)
Fund balance, as restated	\$ (44,318,407)	\$ 138,786

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

II. PRIOR PERIOD ADJUSTMENT (Continued)

Government- Wide Net Position	Governmental Activities	Business-Type Activities
Net position, as previously stated	\$ (116,919,152)	\$ 16,880,271
<u>Corrections of errors</u>		
To record prior period adjustments to governmental funds	(8,844,532)	-
To record prior period adjustments to enterprise funds	-	13,512,889
To record prior period adjustments to internal service funds	1,049,013	-
To adjust capital assets after inventory and valuation procedures	64,810,490	-
All other adjustments	(1,554,132)	-
Total prior period adjustments	55,460,839	13,512,889
Net position, as restated	\$ (61,458,313)	\$ 30,393,160

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City's cash and investments, including restricted investments with fiscal agents, consist of the following at June 30, 2021:

Cash on hand	\$ 1,000
Deposits with financial institutions	93,196,514
Investments	182,757,344
Total cash and investments	\$ 275,954,858

The City's deposits and investments are reflected in the accompanying basic financial statements as follows at June 30, 2021:

Statement of net position	
Cash and investments	\$ 169,056,802
Restricted cash and investments	52,241,058
Statement of fiduciary net position	
Cash and investments	36,296,567
Restricted cash and investments	18,360,431
Total cash and investments	\$ 275,954,858

Investment Policy

The City's Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53601 of the California Government Code (CGC). Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures.

Authorized Investments by City's Investment Policy

The table below identifies the investment types that are authorized for the investments by CGC and the City's investment policy. The table also addresses policies regarding interest rate risk and concentration of credit risk.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Investments are limited to:

	Maximum maturity		Maximum % of portfolio*		Maximum investment in one issuer	
	CGC	City	CGC	City	CGC	City
Mutual funds	N/A	5 years	20%	20%	10%	None**
Bankers' acceptances	180 days	180 days	40%	40%	30%	15%*
Commercial paper	270 days	270 days	25%	15%	10%	10%
U.S. treasury bills	5 years	5 years	None**	None**	None**	None**
U.S. treasury notes	5 years	5 years	None**	None**	None**	None**
Federal agency securities	5 years	5 years	None**	None**	None**	15%
Negotiable certificates of deposit	5 years	5 years	30%	30%	None**	15%
Repurchase agreements	1 year	90 days	None**	None**	None**	15%
Reverse repurchase agreements	92 days	90 days	20%	20%	None**	15%
Time deposits	5 years	5 years	30%	25%	10%	15%*
Medium term corporate notes	5 years	5 years	30%	30%	None**	15%
Money market funds	N/A	90 days	20%	20%	10%	15%*
Local agency investment fund (LAIF)	N/A	N/A	None**	None**	None**	None**

* Excluding amounts held by bond trustee that are not subject to CGC restrictions.

** Represents no limitation imposed by the CGC or the City's policy.

Authorized Investments by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the CGC or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these agreements that address interest rate risk and concentration of credit risk. Investments are limited to:

Authorized investment type	Maximum maturity	Maximum % of portfolio	Maximum investment in one issuer
U.S. treasury obligations	None*	None*	None*
Federal agencies obligations	None*	None*	None*
Time deposits	360 days	None*	None*
Bankers' acceptances	360 days	None*	None*
Commercial paper	270 days	None*	None*
Money market funds	None*	None*	None*
Pre-refunded municipal obligation	None*	None*	None*
Municipal obligations	None*	None*	None*
Investment agreements	None*	None*	None*
LAIF	N/A	None*	None*
Repurchase agreements	None*	None*	None*

* Represents no limitation imposed by the provisions of the debt agreements.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates, and the greater the interest rate risk. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations or debt service requirements.

Information about the sensitivity of the fair value of the City's investments (including restricted investments held by fiscal agents) to market interest rate fluctuation is provided by the following table that shows the distribution of the City's investments by maturity.

<u>Investment type</u>	<u>Amounts</u>	<u>Remaining maturity (in months) 12 months or less</u>
Held by fiscal agent		
Money market funds	\$ 70,601,489	\$ 70,601,489
State investment pool (LAIF)	112,155,855	112,155,855
	<u>\$ 182,757,344</u>	<u>\$ 182,757,344</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the CGC, the City's investment policy, or debt agreements and the actual ratings as of year-end for each investment type.

<u>Investment type</u>	<u>Amounts</u>	<u>Minimum legal rating</u>	<u>Not rated</u>
Held by fiscal agent			
Money market funds	\$ 70,601,489	N/A	\$ 70,601,489
State investment pool (LAIF)	112,155,855	N/A	112,155,855
	<u>\$ 182,757,344</u>		<u>\$ 182,757,344</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment funds that represent 5% or more of total entity-wide investments represent a concentration of credit risk. At June 30, 2021, there were no investments in any such issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The CGC and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The CGC requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless waived by the government unit). The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2021, the City's deposits with financial institutions totaled \$96,185,782 of which \$500,000 was covered by FDIC coverage and the remaining portion was uninsured and collateral was held in accordance with CGC by pledging financial institution in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in LAIF which is considered an external investment pool. LAIF is part of the State's Pooled Money Investment Account (PMIA), which was established in 1953. Oversight of the PMIA is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (continued)

Direct oversight for LAIF is provided by the Local Agency Investment Advisory Board. The board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members qualified by training and experience in the field of investment or finance and two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city, or local district or municipal corporation of this state, are appointed by the State Treasurer. LAIF is required to invest in accordance with state statute.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2021:

	INVESTMENTS AT FAIR VALUE			
	AS OF JUNE 30, 2021			
<u>Investment type</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Held by fiscal agent				
Money market funds	\$ 70,601,489	\$ -	\$ -	\$ 70,601,489
State investment pool (LAIF)	-	112,155,855	-	112,155,855
	<u>70,601,489</u>	<u>112,155,855</u>	<u>-</u>	<u>182,757,344</u>

B. Receivables

Receivables at June 30, 2021 included in the accompanying Statement of Net Position primarily consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes and special assessments	\$ 1,089,497	\$ 70,550	\$ 1,160,047
Accounts	5,303,184	6,122,041	11,425,225
Grants	1,284,349	-	1,284,349
Intergovernmental	9,015,740	-	9,015,740
Other	104,557	731	105,288
Allowance for doubtful accounts	(3,845,658)	(2,004,633)	(5,850,291)
Total	<u>\$ 12,951,669</u>	<u>\$ 4,188,689</u>	<u>\$ 17,140,358</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Loans Receivable

The City provides assistance to residents and home owners of the community. This assistance is in the form of first time home buyers (FTHB) assistance and residential rehabilitation assistance programs. In addition, the former Agency also provided assistance to qualified community housing development organization (CHDO) for low and moderate housing developments. These loans are non-interest bearing with repayment terms of 15 to 20 years based upon the loan amount. It is the City's policy to record an allowance for the full amount of the loan receivable given the long time frame and uncertainty of collection of these loans. These programs are funded through the Compton Housing Successor Capital Projects Fund, and the Federal Grants Special Revenue Fund – Home Investment Partnerships Program (HOME) and Community Development Block Grants Section 108 Loan Guarantees programs. As of June 30, 2021, the Compton Housing Successor Capital Projects Fund had loans receivable of \$8,423,241 netted against an allowance for doubtful accounts of the same amount for a net loans receivable balance of \$- and the Federal Grants Special Revenue Fund had loans receivable of \$2,417,693 netted against an allowance for doubtful accounts of \$2,017,935 for a net loans receivable balance of \$399,758.

GOVERNMENTAL ACTIVITIES

First Time Home Buyers (FTHB) Assistance Program

The FTHB program consists of a second mortgage or mortgage subsidy, which reduces the price of a home to an affordable level, thus enabling a first time home buyer to qualify for the purchase of a home. The second mortgage is in the form of a silent second trust deed loan. The maximum loan amount is \$100,000 for moderate income borrowers and \$150,000 for low income borrowers. The loan is interest-free and does not require monthly repayment. After five years, the loan is reduced by 10% annually. Ultimately, if the borrower lives in the property for 15 years consecutively, the loan is forgiven and treated as a grant to the borrower. Both the property and the applicant must meet certain criteria in order to be eligible to participate in the program. It is the City's policy to record an allowance for the full amount of the loan receivable as such loans are usually forgiven in accordance with the terms of loan. Any payments made on these loans will be recorded as revenue in the year received. The total amount of loan receivable was \$4,363,232 netted against an allowance for doubtful accounts of the same amount for a net loan receivable balance of \$-.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Loans Receivable (continued)

Loans to Alameda Court, LLC

To facilitate the sale of the Alameda Court Town Homes (Subject Property) to low and moderate income homebuyer, the City provided a non-interest bearing loan of \$2,300,000 to a property redeveloper, Alameda Court, LLC (Redeveloper). The loan was secured by a subordinate deed of trust in the name of the former Agency encumbering 19 units of the Subject Property. Repayment of the loans shall be made to the Federal Grants Special Revenue Fund and Compton Housing Successor Capital Projects Fund by the Redeveloper on a pro-rata basis following the sale of each unit to a qualified low/moderate income buyer. A lump sum payment was due from the Developer on February 1, 2014, which was not paid by the Developer. The City recorded an allowance for the full amount of the \$2,300,000 as of June 30, 2014. Since then the City collected \$855,000 and has adjusted the allowance to \$1,445,000 for a net loan receivable of \$- as of June 30, 2021.

Residential Rehabilitation Assistance Program

This program comprises the Fix-it Repair Grant, Emergency Assistance Grant and Deferred Equity Loan. The Fix-it Repair Grant provides up to \$7,000 to assist low to moderate income owner occupied households with minor repairs in their homes. No repayment or lien is required for this program as it is strictly a grant.

The Emergency Assistance Grant is designed to assist low income owner occupied households of single family homes within the City limits with extreme emergency repairs subject to a maximum of \$10,000. The beneficiary is required to repay the grant to the City only upon the sale, refinance, transfer, and foreclosure of the property or the death or relocation of the home owner from the property.

The Deferred Equity Loan is provided to low/moderate-income home owners who meet the eligibility criteria subject to a maximum of \$25,000. The beneficiary is required to repay the loan only upon sale, refinance, transfer, or foreclosure of the property within 10 years of the loan. After 10 years, the loan is forgiven and treated as a grant.

Community Development Block Grants Section 108 Loan Guarantees Loan

The City provided a loan of \$250,000 to a local business owner to assist with the preconstruction and interior improvements to a facility to be used for a restaurant. This loan bears interest rate of 5% per annum and shall be amortized over a period of 15 years. The City granted a loan of \$550,000 during fiscal year 2013 to a local business owner to assist with tenant improvements to develop a new medical facility. This loan bears interest rate of 4.5% per annum and shall be amortized over a period of 15 years. As of June 30, 2021, the loans receivable balance was \$522,691.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
C. Loans Receivable (continued)

Compton Senior Apartments Loan

The City entered into an agreement with a developer on September 2013 to develop affordable housing in the City. The Compton Housing Successor Capital Projects Fund provided land worth \$3,000,000 and cash of \$1,125,000 for construction costs and received a promissory note for \$4,125,000 with an interest rate of 3%. The repayments do not begin until 55 years after the issuance of the Certificate of Completion for the apartment construction. Given the length of the note and the uncertainty of the collection of this amount, the City has recorded an allowance for the full value of the promissory note.

D. Capital Assets

A summary of the City's capital assets as of June 30, 2021 is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets, not being depreciated		
Land	\$ 88,425,254	\$ 162,097
Construction in progress	6,304,721	-
Total capital assets, not being depreciated	<u>94,729,975</u>	<u>162,097</u>
 Capital assets, being depreciated		
Building and structures	59,404,739	3,836,275
Equipment	20,001,110	3,379,326
Infrastructure	123,917,152	70,284,801
Total capital assets, being depreciated	<u>203,323,001</u>	<u>77,500,402</u>
 Less accumulated depreciation		
Building and structures	(28,918,123)	(1,814,742)
Equipment	(17,662,847)	(2,531,447)
Infrastructure	(87,423,988)	(28,612,912)
Total accumulated depreciation	<u>(134,004,958)</u>	<u>(32,959,101)</u>
Total capital assets, being depreciated, net	<u>69,318,043</u>	<u>44,541,301</u>
Total capital assets, net	<u>\$ 164,048,018</u>	<u>\$ 44,703,398</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

The following table summarizes interfund receivables and payables at June 30, 2021:

<u>Due from other funds</u>	Successor Agency	<u>Due to other funds</u>			Total
		General Fund	Non-major Governmental Funds	Internal Service Funds	
Governmental Funds					
General Fund	\$ -	\$ 37,695	\$ 1,060,260	\$ 57,611	\$ 1,155,566
Compton Housing Successor	14,055,319	173,997	-	-	14,229,316
Non-major Governmental Funds	-	-	68,106	5,919	74,025
Total Governmental Funds	<u>14,055,319</u>	<u>211,692</u>	<u>1,128,366</u>	<u>63,530</u>	<u>15,458,907</u>
Enterprise Funds					
Water Funds	-	441,261	-	-	441,261
Sewer Funds	-	252,541	-	-	252,541
Internal Service Funds	-	-	-	1,636	1,636
Total Enterprise Funds	<u>-</u>	<u>693,802</u>	<u>-</u>	<u>1,636</u>	<u>695,438</u>
Total	<u>\$ 14,055,319</u>	<u>\$ 905,494</u>	<u>\$ 1,128,366</u>	<u>\$ 65,166</u>	<u>\$ 16,154,345</u>

Interfund balances result from a time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) allocated revenues between funds are recorded; and 3) pending cash transfers.

Long-term interfund receivables and payables at June 30, 2021 are as follows:

<u>Advances to other funds</u>	<u>Advances from other funds</u>		Total
	General Fund	Internal Service Funds	
Governmental Funds			
General Fund	\$ 171,676	\$ 9,365,046	\$ 9,536,722
Compton Housing Successor	5,380,878	-	5,380,878
Non-major Governmental Funds	869,535	-	869,535
Total Governmental Funds	<u>6,422,089</u>	<u>9,365,046</u>	<u>15,787,135</u>
Enterprise Funds			
Water Funds	13,312,417	-	13,312,417
Sewer Funds	7,617,271	-	7,617,271
Internal Service Funds	50,591	1,200,000	1,250,591
Total Enterprise Funds	<u>20,980,279</u>	<u>1,200,000</u>	<u>22,180,279</u>
Total	<u>\$ 27,402,368</u>	<u>\$ 10,565,046</u>	<u>\$ 37,967,414</u>

These advances are a result of cash shortfalls in the General Fund in previous years. On June 26, 2023, the City Council adopted resolution number 25,858 to adopt a repayment plan effective June 30, 2021 to represent a minimum payment that the General Fund should make on a continuous annual basis. The average annual payment is approximately \$1,500,000 over twenty years, and would have an interest rate equivalent to the yield on the Local Agency Investment Fund (LAIF) investments of 0.22%.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

The following represents the adopted repayment schedule:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$ 3,000,000	\$ 62,453	\$ 3,062,453
2023	500,000	55,853	555,853
2024	1,500,000	54,753	1,554,753
2025	1,500,000	51,453	1,551,453
2026	1,500,000	48,153	1,548,153
2027-2031	7,500,000	191,265	7,691,265
2032-2036	7,500,000	92,265	7,592,265
2037-2039	4,500,000	15,759	4,515,759
TOTALS	\$ 27,500,000	\$ 571,954	\$ 28,071,954

F. Interfund Transfers

Interfund transfers generally fall within one of the following categories:

- Debt service payments made from a debt service fund but funded from an operating fund; and
- Program support that generally reflects subsidies and allocations between funds;

The following transfers in and out are reflected in the Fund Financial Statements for the year ended June 30, 2021:

<u>Transfers out</u>	<u>Transfers in</u>					<u>Total</u>
	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water Funds</u>	<u>Rubbish Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 3,450,652	\$ 15,093	\$ 1,441	\$ 1,448,214	\$ 4,915,400
Non-major Governmental Funds	1,177,376	658,944	8,705	-	200,000	2,045,025
Water Funds	4,600,000	-	-	-	1,000,000	5,600,000
Rubbish	-	-	-	-	100,000	100,000
Internal Service Funds	-	-	-	-	300,591	300,591
Total	\$ 5,777,376	\$ 4,109,596	\$ 23,798	\$ 1,441	\$ 3,048,805	\$ 12,961,016

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2021:

	Balance at June 30, 2020	Prior Period Adjustments	Additions	Retirements	Balance at June 30, 2021	Amount due within one year
Governmental Activities						
Bonds payable						
Lease Revenue Refunding Bonds, Series 2008	\$ 9,195,000	\$ -	\$ -	\$ (520,000)	\$ 8,675,000	\$ 545,000
Lease Revenue Refunding Bonds, Series 2016	26,125,000	-	-	(1,575,000)	24,550,000	1,640,000
Add: Premium on issue of Lease Revenue Refunding Bonds, Series 2016	836,100	-	-	(68,721)	767,379	-
Sales Tax Revenue Bonds, Series 2021	-	-	37,120,000	-	37,120,000	605,000
Add: Premium on issue Sales Tax Revenue Bonds, Series 2021	-	-	4,689,785	(44,322)	4,645,463	-
Total bonds payable	<u>36,156,100</u>	<u>-</u>	<u>41,809,785</u>	<u>(2,208,043)</u>	<u>75,757,842</u>	<u>2,790,000</u>
Mortgage loan payable - Direct Borrowings						
Energy retrofit/revenue enhancement	815,575	-	-	(388,363)	427,212	427,212
Notes payable - Direct Borrowings						
Housing Section 108 notes	500,000	-	-	(500,000)	-	-
Installment Payment Agreement - Direct Borrowings						
Los Angeles County	2,038,941	-	-	(1,000,000)	1,038,941	1,000,000
Total governmental long-term debt	<u>\$ 39,510,616</u>	<u>\$ -</u>	<u>\$ 41,809,785</u>	<u>\$ (4,096,406)</u>	<u>\$ 77,223,995</u>	<u>\$ 4,217,212</u>
Business-type activities						
Bonds payable:						
1998 Sewer revenue refunding bonds	\$ 2,150,000	\$ -	\$ -	\$ (495,000)	\$ 1,655,000	\$ 525,000
2006 Solid waste revenue bonds	125,000	-	-	(125,000)	-	-
Water revenue bonds, series 2009	37,965,000	-	-	(1,040,000)	36,925,000	1,095,000
Less: Discount on issue of water revenue bonds, series 2009	(670,211)	-	-	33,510	(636,701)	-
Sewer revenue bonds, series 2009	16,090,000	-	-	(440,000)	15,650,000	465,000
Less: Discount on issue of sewer revenue bonds, series 2009	(285,401)	-	-	14,270	(271,131)	-
Total bonds payable	<u>55,374,388</u>	<u>-</u>	<u>-</u>	<u>(2,052,220)</u>	<u>53,322,168</u>	<u>2,085,000</u>
Installment Payment Agreement - Direct Borrowings						
Consolidated Disposal Service, LLC	1,200,000	-	-	-	1,200,000	1,000,000
Total business-type activities long-term debt	<u>\$ 56,574,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,052,220)</u>	<u>\$ 54,522,168</u>	<u>\$ 3,085,000</u>
Total long-term debt	<u>\$ 96,085,004</u>	<u>\$ -</u>	<u>\$ 41,809,785</u>	<u>\$ (6,148,626)</u>	<u>\$ 131,746,163</u>	<u>\$ 7,302,212</u>

Debt Service

The annual debt service requirements are summarized below and detailed in each description of the long-term debt:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES (1)			FISCAL YEAR	BUSINESS-TYPE ACTIVITIES (2)		
	PRINCIPAL	INTEREST	TOTAL		PRINCIPAL	INTEREST	TOTAL
2022	\$ 4,217,212	\$ 2,932,461	\$ 7,149,673	2022	\$ 3,085,000	\$ 3,136,647	\$ 6,221,647
2023	2,948,941	2,801,313	5,750,254	2023	2,400,000	3,017,475	5,417,475
2024	3,040,000	2,676,256	5,716,256	2024	2,325,000	2,891,622	5,216,622
2025	3,160,000	2,544,938	5,704,938	2025	1,850,000	2,774,925	4,624,925
2026	3,300,000	2,408,244	5,708,244	2026	1,960,000	2,667,768	4,627,768
2027-2031	18,765,000	9,730,006	28,495,006	2027-2031	11,655,000	11,460,779	23,115,779
2032-2036	11,425,000	5,889,938	17,314,938	2032-2036	15,710,000	7,403,100	23,113,100
2037-2041	6,345,000	4,527,600	10,872,600	2037-2040	16,445,000	2,047,050	18,492,050
2042-2046	8,395,000	3,077,000	11,472,000		<u>\$ 55,430,000</u>	<u>\$ 35,399,366</u>	<u>\$ 90,829,366</u>
2047-2051	10,215,000	1,257,400	11,472,400				
TOTALS	<u>\$ 71,811,153</u>	<u>\$ 37,845,156</u>	<u>\$ 109,656,309</u>				

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

Description of Long-term Debt

Governmental Activities

Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Projects) Series 2008

On May 1, 2008, the City issued \$46,860,000 of Lease Revenue Bonds with an interest rate of 4.00-5.25% to defease previous bonds and to finance various capital projects amounting to \$29,201,947. The City defeased the old bonds by placing a portion of the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds.

The 2008 Lease Revenue Bonds are secured by the Authority’s pledge of certain base rental payments made by the City to the Authority pursuant to a facility lease, dated May 1, 2008 between the Authority and the City.

On August 1, 2016, the City issued \$27,645,000 of Lease Revenue Refunding Bonds, Series 2016 to partially refund and defease a portion of the Series 2008 bonds. A refunding payment of \$1,710,000 was made from the escrow fund and \$31,785,000 was defeased by placing funds in an irrevocable trust. Accordingly, the trust account’s assets and liabilities for the defeased bonds are not included in the City’s financial statements. As of June 30, 2021, \$30.44 million of the bonds outstanding are considered defeased. The remaining balance on the Series 2008 bonds after the refunding and defeasance was \$8,675,000.

The annual requirements to amortize the bonds are as follows:

<u>Year ending June 30,</u>	Lease Revenue Refunding Bonds, Series 2008	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 545,000	\$ 428,488
2023	575,000	400,488
2024	605,000	370,231
2025	630,000	337,813
2026	665,000	303,819
2027-2031	3,890,000	949,906
2032-2033	1,765,000	87,625
Total	<u>\$ 8,675,000</u>	<u>\$ 2,878,370</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (continued)

Compton Public Finance Authority Lease Revenue Refunding, Series 2016

On August 1, 2016, the City issued \$27,645,000 of Lease Revenue Refunding Bonds, Series 2016 to partially refund and defease a portion of the Series 2008 bonds. The balance of the defeased bonds is disclosed in the Series 2008 note above. The remaining balance on the Series 2016 bonds was \$24,550,000.

The 2016 Lease Revenue Bonds are secured by the Authority’s pledge of certain base rental payments made by the City to the Authority pursuant to the Facility Lease. The pledge of and charge and lien upon the revenues securing the Series 2008 bonds is equal to pledge of and charge and lien upon the revenues securing the 2016 Lease Revenue Bonds.

The annual requirements to amortize the bonds are as follows:

<u>Year ending June 30,</u>	<u>Lease Revenue Refunding Bonds, Series 2016</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,640,000	\$ 1,007,125
2023	1,705,000	940,225
2024	1,775,000	870,625
2025	1,850,000	798,125
2026	1,925,000	722,625
2027-2031	10,860,000	2,321,700
2032-2033	4,795,000	212,513
Total	<u>\$ 24,550,000</u>	<u>\$ 6,872,938</u>

Energy Retrofit/Revenue Enhancement Mortgage Loan

On July 31, 2006, the City entered into a mortgage loan agreement of \$4,012,187 with Citi Mortgage Inc. to finance the development and installation of the Citywide Energy Retrofit/Revenue Enhancement program. The mortgage has an interest rate of 4.52%. The proceeds of the mortgage arrangement was invested in a money market fund and deposited in an irrevocable trust with an escrow agent to provide for the payment of the vendor of the Energy Retrofit/Revenue Enhancement program. The remaining balance on the loan was \$427,212, which is due in one year.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
G. Long-term Debt (continued)

Housing Section 108 Note

Housing Section 108 note in the amount of \$5,000,000 is a note payable to HUD, which was issued in August 2001. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides the City with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This note payable is guaranteed by the City's current and future CDBG allocations. In November 2011, the City opted to participate in a Section 108 public offering to refinance the note which resulted in interest payment savings of \$1,010,975 over the life of the note. The amount of principal outstanding at June 30, 2021 was \$-.

Installment Payment Agreement – Los Angeles County

The results of due diligence review procedures performed on assets transferred from the former Agency to the Housing Successor resulted in a liability to Los Angeles County. An installment payment agreement was entered into on December 24, 2015 for the amount outstanding.

The annual requirements on the installment payment agreement are as follows:

<u>Year ending June 30,</u>	<u>Los Angeles County</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,000,000	\$ -
2023	38,941	-
Total	<u>\$ 1,038,941</u>	<u>\$ -</u>

Sales Tax Revenue Bonds, Series 2021

On June 1, 2021, the City issued \$37,120,000 of Sales Tax Revenue Bonds, Series 2021 to finance the design, acquisition and construction of local roadway and street improvement projects in the City, fund a debt service fund for the bonds, and pay the costs of issuance of the bonds. The 2021 Sales Tax Revenue Bonds are secured by the City's pledge of revenues consisting primarily of Measure M, Measure R and Proposition C revenues. The City has covenanted to use the net proceeds of the bonds to fund only projects that constitute a Measure M, Measure R or Proposition C project. Interest on the bonds of 4.0% is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2021, until maturity or earlier redemption. The remaining balance on the Series 2021 bonds was \$31,120,000 as of June 30, 2021.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
G. Long-term Debt (continued)

Sales Tax Revenue Bonds, Series 2021 (continued)

The annual requirements to amortize the bonds are as follows:

<u>Year ending June 30,</u>	Sales Tax Revenue Bonds, Series 2021	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 605,000	\$ 1,484,800
2023	630,000	1,460,600
2024	660,000	1,435,400
2025	680,000	1,409,000
2026	710,000	1,381,800
2027-2031	4,015,000	6,458,400
2032-2036	4,865,000	5,589,800
2037-2041	6,345,000	4,527,600
2042-2046	8,395,000	3,077,000
2047-2051	10,215,000	1,257,400
Total	<u>\$ 37,120,000</u>	<u>\$ 28,081,800</u>

Business-Type Activities

1998 Sewer Refunding Bonds

In June 1998, the City issued \$8.3 million in Sewer Revenue Refunding Bonds with an average interest rate of 5.20% to advance refund \$7.29 million of outstanding Series 1993 Sewer Revenue Bonds. The old bonds were defeased by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2021, \$3.9 million of the bonds outstanding are considered defeased.

The Sewer Refunding bonds are secured by the City's pledge of certain revenues, which consist of sewer service charges imposed by the City upon its property owners for the use of the sewer system for each year less certain operation and maintenance expenses incurred by the City in connection with the operation of the sewer system.

Interest on the bonds is payable semiannually on March 1 and September 1. Principal maturity occurs on September 1 of each year starting in 1999 through 2023. As of June 30, 2021, the outstanding bond balance is \$1,655,000. The annual requirements of amortize the 1998 Sewer Refunding Bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	1998 Sewer refunding bonds	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 525,000	\$ 74,847
2023	550,000	45,956
2024	580,000	15,588
Total	<u>\$ 1,655,000</u>	<u>\$ 136,391</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
G. Long-term Debt (continued)

Solid Waste Management Facilities Bonds

In March 2006, the City converted \$3,775,000 in Solid Waste Management Facilities Variable Rate Revenue Bonds, Series 2000, from a variable rate (the Bonds) to a fixed rate (the Convertible Bonds) maturing in August 2020. The Bonds were issued in June 2000 to finance the acquisition of land, vehicles, and another equipment for the City's Solid Waste Management Program. The Convertible Bonds bear a fixed rate of 4.80%. The Convertible Bonds are secured by a pledge of net revenues received by the City for the Solid Waste Management Program. The net revenues consist of charges for the services less certain operation and maintenance expenses incurred by the City in connection with the operation of the Solid Waste Management Program.

Interest on the bonds is payable on February 1 and August 1 for each year until maturity, redemption, or purchase thereof. As of June 30, 2021, the outstanding bond balance is \$-

Water Revenue Bonds, Series 2009

On May 20, 2009, the City issued \$44,040,000 of Water Revenue Bonds with an interest of 3.00-6.00% to finance part of the cost of overhauling the City's water system.

The 2009 Water Revenue Bonds are secured by the net revenues of the City's water operations, which consist of charges for the services and facilities furnished by the water system minus certain operation and maintenance expenses incurred by the city in connection with the operation of the water system. The ratio of net revenues to annual debt service during the bond year must equal at least 150%. As of June 30, 2021, the pledged revenues equaled 209% of debt service payments due and payable.

Total principal remaining on the bonds are \$36,925,000. The annual requirements to amortize the 2009 water revenue bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Water revenue bonds, series 2009</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,095,000	\$ 2,150,409
2023	1,160,000	2,086,988
2024	1,225,000	2,019,909
2025	1,300,000	1,948,894
2026	1,375,000	1,873,659
2027-2031	8,185,000	8,049,188
2032-2036	11,035,000	5,199,750
2037-2040	11,550,000	1,437,600
Total	<u>\$ 36,925,000</u>	<u>\$ 24,766,397</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
G. Long-term Debt (continued)

Sewer Revenue Bonds, Series 2009

On May 20, 2009, the City issued \$18,710,000 of Sewer Revenue Bonds with an interest of 5.63% - 6.00% to finance part of the cost of overhauling the City's antiquated sewer system.

The 2009 Sewer Revenue Bonds are secured by all of the sewer service charges excluding operation and maintenance expenses payable from the sewer service charges. The ratio of net revenues to annual debt service during the bond year must equal at least 110%. As of June 30, 2021, the pledged revenues equaled 111% of debt service payments due and payable.

Total principal remaining on the bonds are \$15,650,000. The annual requirements of amortize the 2009 sewer revenue bonds, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Sewer revenue bonds, series 2009</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 465,000	\$ 911,391
2023	490,000	884,531
2024	520,000	856,125
2025	550,000	826,031
2026	585,000	794,109
2027-2031	3,470,000	3,411,591
2032-2036	4,675,000	2,203,350
2037-2040	4,895,000	609,450
Total	<u>\$ 15,650,000</u>	<u>\$ 10,496,578</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)
G. Long-term Debt (continued)

Consolidated Disposal Service, LLC Installment Payments

Consolidated Disposal Service, LLC (“Consolidated”) submitted a claim to the City alleging a breach of the 2012 Amended and Restated Solid Waste Management Services Agreement with the City. On July 1, 2019, Consolidated and the City entered into a 2019 Amended and Restated Agreement for Solid Waste and Recyclable Materials Handling Services which resolves the claim. Pursuant to the 2019 Agreement, the City agreed to pay Consolidated a total of \$1,600,000, payable in installment payments without interest, payable upon the earlier of the sale of City real property or March 30, 2022. As of June 30, 2021, the outstanding balance is \$1,200,000, payable upon the earlier of the sale of City real property or March 30, 2022.

Noncompliance with Debt Covenants and Securities and Exchange Commission (SEC) Continuing Disclosure Requirements

The City, PFA, and Successor Agency are required to submit audited financial statements to the bond trustees within 180 to 240 days of year-end for all bonds and certificates of participation as required by the continuing disclosure requirements under SEC Rule 15c2-12. The City, PFA, and Successor Agency have not been in compliance with the reporting provisions of the indentures since fiscal year 2013 as audited financial statements were not issued within the time frame allowed. The City has filed unaudited financial information for the years where audit statements were not available.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. No arbitrage liability existed at June 30, 2021.

Credit Rating

As of June 30, 2021, the City bond ratings have been suspended.

H. Other Long-Term Liabilities
Compensated Absences

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Amount due within one
Governmental Activities	\$ 4,337,658	\$ 1,090,954	\$ (828,298)	\$ 4,600,314	\$ 1,057,635
Business-type Activities	376,391	117,595	(75,816)	418,170	95,611
Total Compensated Absences	<u>4,714,049</u>	<u>1,208,549</u>	<u>(904,114)</u>	<u>5,018,484</u>	<u>1,153,246</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (continued)

Risk Management – Claims and Judgments

The City is self-insured for workers’ compensation and general liability claims, which includes all other risk of loss. Excess insurance coverage is maintained for workers’ compensation losses in excess of \$1,000,000 and general liability claims in excess of \$1,000,000.

All funds of the City participate in general liability and workers’ compensation insurance programs and make payments to internal service funds on the basis of loss experience and exposure. The total unpaid claims and claims adjustment expense liability (long-term obligations) of \$21,858,006 recorded at June 30, 2021, is based on results of actuarial studies and includes an estimate for claims incurred but not reported at the balance sheet date. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amounts of payouts, and other economic and societal factors. General liability and workers’ compensation liabilities are carried at present value using a discount rate of 2.0%.

In addition, the City is in compliance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

During the past five-year period, the average claims filed each year for general liability amounted to 248 claims totaling \$685,851 per year (an average of \$2,766 per claim).

Within the City’s self-insured program for workers’ compensation, there has been an average of 52 claims filed per year for the past five years, with an average of approximately \$1,247,780 per year in total reported losses (an average of \$23,996 per claim).

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2021 were as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Claims liabilities, July 1, 2020	\$ 11,224,000	\$ 7,327,000	\$ 18,551,000
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes in the provision for the events of prior fiscal years	(255,325)	4,428,720	4,173,395
Adjust for probable legal liability not included in the loss run used for actuarial report	-	982,006	982,006
Payments on claims attributable to events of both the current and prior fiscal years	(725,675)	(1,122,720)	(1,848,395)
Claims liabilities, June 30, 2021	<u>\$ 10,243,000</u>	<u>\$ 11,615,006</u>	<u>\$ 21,858,006</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Net Position/Fund Balances

The following activities/funds had deficit net position/fund balances as of June 30, 2021:

	<u>Deficit</u>
Governmental Activities	\$ (21,021,808)
Major Governmental Funds	
General	(3,497,383)
Proprietary Funds	
Rubbish	(1,548,225)
Internal Service Funds	
Central Duplication	(1,206,146)
Self-Insurance	(36,566,137)

IV. DEFINED BENEFIT PENSION PLANS

A. Retirement Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS). The miscellaneous employees of the City are part of an agent multiple-employer public employee defined benefit pension plan and the safety employees are part of a cost-sharing multiple-employer public employee defined benefit pension plan. The safety employees are further divided into two different rate tiers: Safety – Fire and Safety – Police. CalPERS provides retirement and disability benefit, annual cost of living adjustment, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through a City Council resolution. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814 or from the CalPERS website <http://www.calpers.ca.gov>.

During the year ended June 30, 2013, California's Public Employees' Pension Reform Act (PEPRA) went into effect. PEPRA requires new benefits and member contributions for new members as defined by PEPRA that are hired after January 1, 2013. Employees who were CalPERS members before January 1, 2013 are considered "Classic members".

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment.

Classic members or PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members become eligible for retirement at age 52 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The benefit factor depends on the benefit formula specified in the employer's contract. The years of service is the amount credited by CalPERS to a member while he or she is employed in this group. The final compensation is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay.

All members are eligible for nonduty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The standard death benefit for Safety members is the Special Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

C. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially-determined rate and the contribution rate of employees.

Participants in the Miscellaneous and Safety plans are required to contribute a percentage of their annual covered salary. With the exception of the PEPRA members, the City pays the contributions required of City employees on their behalf. The City is required to contribute the actuarially-determined remaining amounts necessary to fund the benefits for its members.

For the year ended June 30, 2021, the City's total contributions (excluding amounts paid on behalf of members) were \$7,574,786 for the Miscellaneous and \$6,313,215 for the Safety Plans.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)
C. Contributions (continued)

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous		
	Prior to <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	<u>PEPRA</u>
Hire date			
Benefit formula	2.7% at 55	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67+	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	1.43% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7.689%	7.689%	6.500%
Required employer contribution rates	11.884%	11.884%	11.884%
	Safety – Fire		
	Prior to <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	<u>PEPRA</u>
Hire date			
Benefit formula	3.0% at 50	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55+	50 - 55+	52 - 57+
Monthly benefits, as a % of eligible compensation	3.00%	3.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	9.00%	13.75%
Required employer contribution rates	25.540%	25.540%	13.884%
	Safety – Police		
	Prior to <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	
Hire date			
Benefit formula	2.0% at 50	2.0% at 50	
Benefit vesting schedule	5 years of service	5 years of service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 55+	50 - 55+	
Monthly benefits, as a % of eligible compensation	3.00%	3.00%	
Required employee contribution rates	0.00%	0.00%	
Required employer contribution rates	0.00%	0.00%	

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)
C. Contributions (continued)

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms of the Plan:

Description	Number of Members		
	Miscellaneous	Safety – Fire	Safety – Police
Active members	247	45	-
Transferred members	142	22	11
Terminated members	193	13	3
Retired members	514	138	260
TOTALS	1096	218	274

D. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability for the June 30, 2020 measurement period was determined in a June 30, 2019 actuarial valuation, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following actuarial assumptions and methods.

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020
Reporting date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB 68

Actuarial Assumptions

Discount Rate/investment return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

E. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class	Current Target Allocation	Real Return ⁽¹⁾ Years 1 - 10	Real Return ⁽²⁾ Years 11+
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

⁽¹⁾ An expected inflation of 2.00% used for this period

⁽²⁾ An expected inflation of 2.92% used for this period

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

The City's net pension liability is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures.

The following tables show the plan fiduciary net position and the net pension liabilities for the Miscellaneous Plan and the respective changes in net pension liabilities recognized over the measurement period.

Miscellaneous Plan	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2019 (Valuation Date)	\$ 221,015,192	\$ 144,853,875	\$ 76,161,317
Changes Recognized for the Measurement Period			
Service cost	\$ 3,106,474		\$ 3,106,474
Interest on the total pension liability	15,475,328		15,475,328
Changes of assumptions			-
Differences between expected and actual experience	619,298		619,298
Net plan to plan resource movement			-
Employer contributions		7,373,216	(7,373,216)
Employee contributions (paid by employer)		1,305,581	(1,305,581)
Net investment income		7,189,875	(7,189,875)
Benefit payments, included refunds of employee contributions	(13,499,135)	(13,499,135)	-
Administrative expense		(204,208)	204,208
Other miscellaneous expense	-	-	-
Net changes	\$ 5,701,965	\$ 2,165,329	\$ 3,536,636
Balance at June 30, 2020 (Measurement Date)	\$ 226,717,157	\$ 147,019,204	\$ 79,697,953

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The following shows the Safety-Fire and Police Plans' proportionate share of the risk pool collective net pension liability over the measurement period.

Safety Plan (Fire and Police)	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>	<u>Proportionate Share</u>
Balance at June 30, 2019 (Valuation Date)	\$ 207,693,781	\$ 141,797,988	\$ 65,895,793	0.64307%
Net changes during 2019-2020	1,140,856	(3,648,227)	4,789,083	0.00658%
Balance at June 30, 2020 (Measurement Date)	<u>\$ 208,834,637</u>	<u>\$ 138,149,761</u>	<u>\$ 70,684,876</u>	<u>0.64965%</u>

The City's proportionate share of the collective net pension liability was determined by CalPERS based on the following allocation methodology:

The schedules of employer allocation by rate plan include three ratios:

- (1) *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2019 used for funding purposes.
- (2) *Market Value of Assets* - Determined based on the sum of the Market Value of Assets (MVA) from the most recent Actuarial Valuation as June 30, 2019 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.
- (3) *Contributions* - Determined based on the legally- or statutorily-required employer contributions for the fiscal year ended June 30, 2020, including reported contribution adjustments and suspended payroll information. Legally or statutorily required employer contributions were determined by multiplying the employer's contribution rate by the annual benefit compensation (payroll) for the fiscal year and excluding payments for benefit improvements known as Golden Handshakes, which CalPERS considers to be separately financed employer-specific liabilities.

The total pension liability was allocated based on the rate plan's share of the Actuarial Accrued Liability. The fiduciary net position was allocated based on the rate plan's share of the Market Value of Assets. The net pension liability was derived by subtracting the fiduciary net position from the total pension liability. Deferred outflows of resources, deferred inflows of resources, and pension expense were allocated based on the rate plan's share of contributions.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2021, the City recognized pension expense of \$\$9,037,250 and \$8,706,897 for the Miscellaneous and Safety plans, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Miscellaneous</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 550,387	\$ -
Net difference between projected and actual earnings on pension plan investments	1,047,207	-
Pension contributions subsequent to the measurement date	7,574,786	-
	<u>\$ 9,172,380</u>	<u>\$ -</u>
<u>Safety - Fire & Police</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	-	(235,453)
Differences between expected and actual experience	5,481,254	-
Net difference between projected and actual earnings on pension plan investments	1,536,280	-
Differences between employer's contributions and proportionate share of contributions	-	(1,864,483)
Changes in employer's proportion	464,882	(282,451)
Pension contributions subsequent to the measurement date	6,313,215	-
	<u>\$ 13,795,631</u>	<u>\$ (2,382,387)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$13,888,001 are recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

IV. DEFINED BENEFIT PENSION PLANS (Continued)

**G. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources
 Related to Pensions (continued)**

Miscellaneous		
Measurement Period Ended June 30,	Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	2022	\$ (152,026)
2022	2023	429,457
2023	2024	735,091
2024	2025	585,072
2025	2026	-
Thereafter	Thereafter	-
		<u>\$ 1,597,594</u>

Safety - Fire & Police		
Measurement Period Ended June 30,	Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	2022	\$ 534,175
2022	2023	2,203,277
2023	2024	1,592,816
2024	2025	769,761
2025	2026	-
Thereafter	Thereafter	-
		<u>\$ 5,100,029</u>

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date June 30, 2020, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
<u>Net Pension Liability (Asset)</u>			
Miscellaneous	\$ 106,742,318	\$ 79,697,953	\$ 57,073,401
Safety – Fire	99,045,394	70,684,876	47,412,388
TOTALS	<u>\$ 205,787,712</u>	<u>\$ 150,382,829</u>	<u>\$ 104,485,789</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City provides retiree medical benefits under the CalPERS health plan, which provides medical insurance benefits to eligible retirees and their spouses in accordance with agreements with various bargaining units and groups under a single employer benefit plan. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814 or from the CalPERS website <http://www.calpers.ca.gov>.

B. Benefits Provided

The City provides a contribution up to the CalPERS Region 3 Kaiser Basic (non-Medicare) family premium, regardless of the coverage level (single, 2-party, family) or the enrollment level (non-Medicare, Medicare). The Kaiser family premium is \$1,727.41 for 2020. The City-provided contribution is continued for lifetime of retiree. Upon death of retiree, continued access to benefits (with the explicit subsidy) is available for the lifetime of the spouse. A City contribution towards surviving child dependents is also available, if they were enrolled in the plan prior to retiree death.

The contribution requirements of health plan members and the City are established and may be amended by the CalPERS Board. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirement.

C. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	<u>Covered</u>
Active employees electing coverage	311
Active employees waiving coverage	21
Retirees electing coverage	<u>433</u>
	<u><u>765</u></u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

D. Total OPEB Liability

The City's total OPEB liability of \$169,528,268 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.45%
Long-term expected investment return	N/A
Inflation	2.50%
Mortality	Based on assumptions for Public Agency Miscellaneous and Fire members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.
Healthcare cost trend rates	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2076 and later years.

The discount rate was based on the Fidelity 20-Year Municipal Bonds GO AA Index.

Healthcare cost trend rates have annual increases/decreases in per capita claims costs and plan premiums, which are as follows:

Fiscal Year Ending	Medical Coverage	
	Not Medicare Eligible	Medicare Eligible
2020	6.4%	5.1%
2021	6.2%	5.1%
2022	5.9%	5.1%
2023	5.5%	5.2%
2024-2051	5.2%	5.2%
2052-2075	Transition to ultimate rate	Transition to ultimate rate
2076+	4.0%	4.0%

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)
E. Changes in Total OPEB Liability

	Increase (Decrease)		
	Total	Plan	Net
	OPEB Liability (a)	Fiduciary Net Position (b)	OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 149,552,071	\$ -	\$ 149,552,071
Changes for the year:			
Service cost	4,575,441	-	4,575,441
Interest	4,744,124	-	4,744,124
Differences between expected and actual experience	(135,090)	-	(135,090)
Changes of assumptions	15,907,861	-	15,907,861
Employer contributions	-	5,116,139	(5,116,139)
Net investment income	-	-	-
Benefit payments	(5,116,139)	(5,116,139)	-
Administrative expense	-	-	-
Net changes	<u>19,976,197</u>	<u>-</u>	<u>19,976,197</u>
Balances at June 30, 2021	<u>\$ 169,528,268</u>	<u>\$ -</u>	<u>\$ 169,528,268</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current discount rate (3.13 percent):

	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	(1.45%)	(2.45%)	(3.45%)
Net OPEB liability	\$ 197,856,382	\$ 169,528,269	\$ 146,913,671

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.4 percent) or 1 percentage point higher (7.4 percent) than the current healthcare cost trend rate (6.4 percent):

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
	\$ 143,722,348	\$ 169,528,269	\$ 202,419,550
Net OPEB liability	\$ 143,722,348	\$ 169,528,269	\$ 202,419,550

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$8,222,871. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 5,113,479	\$ -
Differences between expected and actual experience	1,538,934	102,538
Changes of assumptions or other inputs	<u>17,218,909</u>	<u>1,441,188</u>
	<u>\$ 23,871,322</u>	<u>\$ 1,543,726</u>

The deferred outflows of resources related to OPEB contributions subsequent to the measurement date of \$5,113,479 will be recognized as a reduction of the total net OPEB liability for the fiscal year ending June 30, 2021.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Inflows of Resources
2022	\$ 5,607,634
2023	6,769,446
2024	4,266,937
2025	570,100
2026	-
Thereafter	-
	<u>\$ 17,214,117</u>

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION

A. Commitments and Contingencies

Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, which are subject to program compliance audits by the grantor or their representative. The City's grant programs have also been audited in accordance with Uniform Guidance, which have disclosed instances of noncompliance with certain federal program compliance requirements, and depending on the resolution of the identified findings and questioned costs, the City may be required to repay a portion of grant funds determined to have been ineligible expenditures.

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) issued an Audit Report on July 11, 2019, Audit Report No. 2019-LA-1008. The audit related to the Compton Housing Authority's Housing Choice Voucher Program. The report concluded that the Compton Housing Authority did not follow proper procurement or financial management procedures and ensure the timely submission of audited financial statements in accordance with HUD requirements. The audit report had three (3) findings: (1) Professional auditing services in the amount of \$77,542 were charged to the Housing Authority. There were no supporting documentation provided. (2) The City has not completed and submitted audited financial statements for the fiscal years 2010/11 through 2017/18. (3) The Compton Housing Authority also over-reimbursed \$30,562 in HAP administrative fees to the City's general fund.

The OIG report recommended that the Director of Los Angeles Office of Public Housing require the City to repay the program \$77,542 from non-federal funds for the ineligible costs and recommended that the Housing Authority establish and implement additional procedures and controls to ensure that procurement and contacting requirements are followed, along with the associated maintenance of applicable documentation; complete and submit the audited financial statements for all past-due fiscal years; consider imposing administrative sanctions and remedies for non-submission of audited financial statements for all overdue fiscal years.

City will develop and implement additional procedures and controls to ensure that the administrative fees for the portability HAP are accurately calculated. The \$30,562 over-reimbursement was resolved by reimbursing the fund prior to the completion of the audit. The City also repaid the program \$77,542 which has been acknowledged by the HUD/OG.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

A. Commitments and Contingencies (continued)

Federally Assisted Grant Programs

On September 15, 2020, HUD notified the Compton Housing Authority (CHA) that its SEMAP score will be reduced one level. Also, the LAOPH will proceed with the corrective action to reduce CHA's 2019 SEMAP rating from High Performing to Standard until the PHA submits its FY SEMAP certification, at which time HUD will assess its performance managing its HCV program.

The U.S. Department of Housing and Urban Development (HUD), Los Angeles, California office conducted a monitoring of the City's Community Development Block Grant Program (CDBG) and Emergency Shelter Grants Program (ESG). The monitoring report identified eighteen findings that the City is required to respond to. The City is in the process of preparing their responses. Some of the findings, if not cleared, could result in the City being required to return funds to HUD. The ultimate outcome of this monitoring is not known at this time, however management does not believe that it will have a material effect on the City of Compton.

On July 18, 2018, the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) notified the City that they were initiating a review of the City's administration of Neighborhood Stabilization Programs (NSP) 1 and 3 funds in compliance with HUD requirements. The period of the review is from July 1, 2008 through June 30, 2019. This review is currently in process.

Other Contingent Claims

The City has been named as defendant in numerous lawsuits and claims arising in the course of operations. In aggregate, these claims seek monetary damages in significant amounts. The City intends to vigorously defend itself against these lawsuits. The City has recoded actuarially determined reserves in the internal services funds to adequately cover estimated potential material adverse losses as of June 30, 2021.

Encumbrances

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

B. City's Financial Condition and Management Plans

The General Fund is typically the focal point in analyzing the financial health of the City because the General Fund is expected to be able to cover both its costs and to act as a financial backstop for other funds in the event of an insufficiency with respect to the other funds. As of June 30, 2021, the City's General Fund has an ending fund deficit of \$3,497,383 and the combined deficit fund balances in other funds totaled \$35,498,389. Additionally, the General Fund has advances and due to other funds of \$29,439,228. A repayment plan was adopted in June 2023 (refer to Note III. E.)

The City Management will present a strategic fiscal sustainability plan to the City Council by June 2024.

C. Notes to the Financial Statements – Successor Agency

a. Reporting Entity

The Successor Agency was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency. The Successor Agency's role, the Successor Agency is a separate public entity from the City, its actions subject to the direction and approval of the LA County Oversight Board, and/or California State Department of Finance (DOF). The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's role, the Successor is reported in a fiduciary fund (private-purpose trust fund).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (continued)

a. Reporting Entity (continued)

The Department of Finance issued a Finding of Completion (FOC) on December 28, 2015. A FOC entitles the Successor Agency to certain benefits, such as:

1. **City/Successor Agency Loans:** Upon issuance of a FOC, loans made by the City to the Successor Agency may be repaid if the Oversight Board finds that the loan was for a legitimate redevelopment purpose. Repayment is subject to certain restrictions, including a reduction of the interest rate to the LAIF rate, restrictions on the timing and amount of annual repayments, and a requirement that 20% of the repayment be deposited into a restricted housing set-aside fund. Management has recalculated existing loans at the historical LAIF rates and the difference is negligible.
2. **Use of Bonds Proceeds:** Upon issuance of a FOC, bond proceeds issued prior to December 31, 2010 may be used for purposes consistent with the bond covenants. Obligations to be paid with bond proceeds are subject to review by the Oversight Board and the DOF.

b. Land Held for Resale – Successor Agency

Long-Range Property Management Plan (LRPMP): Upon receiving a FOC, the Successor Agency shall prepare a LRPMP that addresses the disposition and use of real property assets. The plan addresses the use or disposition of all properties, which may include (i) retention of property for governmental use, (ii) retention of property for future development, (iii) sale of the property, or (iv) use of property to fulfill an enforceable obligation. The City submitted their LRPMP on December 23, 2015 and the DOF approved the use or disposition of all properties in the plan as of December 30, 2015. Land held for resale at June 30, 2021 was \$10,949,246.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (Continued)

c. Capital Assets – Successor Agency

The following summarizes the Successor Agency capital assets as of June 30, 2021:

	<u>Balance at June 30, 2021</u>
Capital assets, not being depreciated:	
Land	\$ 1,296,179
Total capital assets, not being depreciated	<u>1,296,179</u>
Capital assets, being depreciated:	
Building and structures	14,671,018
Infrastructure	2,672,810
Equipment	135,625
Total capital assets, being depreciated	<u>17,479,453</u>
Less accumulated depreciation for:	
Building and structures	(2,406,694)
Infrastructure	(2,672,810)
Equipment	(135,625)
Total accumulated depreciation	<u>(5,215,129)</u>
Total capital assets, being depreciated, net	<u>\$ 12,264,324</u>

d. Long-Term Liabilities – Successor Agency

The following is a summary of changes in the Successor Agency's long-term debt for the year ended June 30, 2021:

	<u>Balance at June 30, 2020</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>
Debt long-term liabilities:					
Bonds payable:					
1995 series "C" refunding tax allocation capital appreciation bonds - taxable	\$ 24,650,824	\$ 1,787,374	\$ -	\$(4,972,746)	\$ 21,465,452
2010 series "A", "B", "C" Community Redevelopment Agency second lien tax allocation bonds	82,580,000	-	-	(3,170,000)	79,410,000
Less: Discount on issue	(518,925)	-	-	23,588	(495,337)
Total Successor Agency long-term liabilities:	<u>\$106,711,899</u>	<u>\$ 1,787,374</u>	<u>\$ -</u>	<u>\$(8,119,158)</u>	<u>\$100,380,115</u>

Description of Long-term Debt – Successor Agency

1995 Series "C" Refunding Tax Allocation Capital Appreciation Bonds

The 1995 Series "C" Refunding Tax Allocation Capital Appreciation bonds were issued in 1995, but repayment of the liability commenced on August 1, 2014 with the final payment due on August 1, 2024. During the grace period before the bond payment commenced, the interest on the bonds was added as an accretion to the bond balance. The amount of the bond was \$10,137,530 while total accretion less payments of principal as of June 30, 2021 was \$21,465,452.

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (continued)

d. Long-Term Liabilities – Successor Agency (continued)

Description of Long-term Debt – Successor Agency (continued)

The 1995 Series “C” Refunding Tax Allocation Capital Appreciation bonds are special obligations of the former Agency, which are secured by an irrevocable pledge of the tax revenues payable to the former Agency.

The following schedule summarizes the debt to maturity payments for the tax allocation capital appreciation bonds:

Year ending June 30,	1995 C	
	Principal	Interest
2022	\$ 5,092,052	\$ 707,948
2023	5,286,700	513,300
2024	5,457,800	342,200
2025	5,628,900	171,100
Total	<u>\$ 21,465,452</u>	<u>\$ 1,734,548</u>

Community Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010 A (Housing), 2010 B, and 2010 C (Taxable)

On June 9, 2010, the former Agency issued \$118,985,000 of Second Lien Tax Allocation bonds made up of Series A (\$31,130,000 for Housing projects), Series B (\$69,595,000 for general redevelopment projects), and Series C (\$18,260,000 taxable – for other redevelopment projects). The amount of principal outstanding at June 30, 2021 for all of the 2010 Series was \$79,410,000.

The bonds interest rates are between 3.00% and 5.00% for Series A, 5.00% and 5.75% for Series B, and 7.29% and 7.74% for Series C. The 2010 Second Lien Tax Allocation Bonds are special obligations of the former Agency, which are secured by an irrevocable pledge of the tax revenues payable to the former Agency. The bonds are payable as follows: Series A (August 2011 through 2042, Series B (August 2011 through 2042), and Series C (August 2011 through 2024).

CITY OF COMPTON, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

VI. OTHER INFORMATION (Continued)

C. Notes to the Financial Statements – Successor Agency (continued)

d. Long-Term Liabilities – Successor Agency (continued)

Community Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010 A (Housing), 2010 B, and 2010 C (Taxable) (continued)

The following schedule summarizes the debt to maturity payments for the tax allocation bonds:

Year ending June 30,	2010 A, B, C	
	Principal	Interest
2022	\$ 3,375,000	\$ 2,341,113
2023	3,595,000	2,231,256
2024	3,825,000	2,113,912
2025	4,075,000	1,988,764
2026	8,315,000	1,855,036
2027-2031	24,185,000	6,458,400
2032-2036	15,260,000	5,589,800
2037-2041	11,270,000	4,527,600
2042-2046	5,510,000	3,077,000
Total	<u>\$ 79,410,000</u>	<u>\$ 30,182,881</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS CALPERS
MISCELLANEOUS PLAN – AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT DATE	2021	2020	2019	2018	2017	2016	2015
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service cost	\$ 3,106,474	\$ 3,013,736	\$ 3,126,034	\$ 3,033,911	\$ 2,482,225	\$ 2,281,155	\$ 2,409,694
Interest	15,475,328	15,057,036	14,531,962	14,306,576	13,997,684	13,735,892	13,355,044
Changes in assumptions	-	-	(1,243,371)	11,024,331	-	(3,099,369)	-
Difference between expected and actual experience	619,298	1,629,844	(1,529,639)	595,677	(1,765,310)	(361,954)	-
Benefit payments, including refunds of member contributions:	<u>(13,499,135)</u>	<u>(12,273,236)</u>	<u>(11,502,752)</u>	<u>(11,419,854)</u>	<u>(11,100,215)</u>	<u>(10,760,128)</u>	<u>(10,744,399)</u>
Net change in total pension liability	5,701,965	7,427,380	3,382,234	17,540,641	3,614,384	1,795,596	5,020,339
Total pension liability, beginning of year	<u>221,015,192</u>	<u>213,587,812</u>	<u>210,205,578</u>	<u>192,664,937</u>	<u>189,050,553</u>	<u>187,254,957</u>	<u>182,234,618</u>
Total pension liability, end of year	226,717,157	221,015,192	213,587,812	210,205,578	192,664,937	189,050,553	187,254,957
Plan Fiduciary Net Position							
Net plan to plan resource movement	-	-	(323)	16,090	17362	-	-
Contributions - employee	1,305,581	1,663,411	1,175,086	1,357,942	1,344,793	1,160,045	1,093,771
Contributions - employer	7,373,216	6,626,128	5,754,105	5,782,821	5,311,369	4,214,549	3,064,604
Net investment income	7,189,875	9,043,351	11,132,320	13,777,155	629,307	2,875,103	19,935,634
Benefit payments, including refunds of member contributions	(13,499,135)	(12,273,236)	(11,502,752)	(11,419,854)	(11,100,215)	(10,760,128)	(10,744,399)
Administrative expenses	(204,208)	(99,831)	(208,716)	(183,979)	(78,305)	(144,665)	-
Other miscellaneous income/(expense) ¹	-	323	(396,355)	-	-	-	-
Net change in plan fiduciary net position	2,165,329	4,960,146	5,953,365	9,330,175	(3,875,689)	(2,655,096)	13,349,610
Total plan fiduciary net position, beginning of year ²	<u>144,853,875</u>	<u>139,893,729</u>	<u>133,940,364</u>	<u>124,610,189</u>	<u>128,485,878</u>	<u>131,140,974</u>	<u>117,791,364</u>
Total plan fiduciary net position, end of year	147,019,204	144,853,875	139,893,729	133,940,364	124,610,189	128,485,878	131,140,974
Net pension liability - ending	79,697,953	76,161,317	73,694,083	76,265,214	68,054,748	60,564,675	56,113,983
Plan fiduciary net position as a percentage of total pension liability	64.85%	65.54%	65.50%	63.72%	64.68%	67.96%	70.03%
Covered payroll ³	16,719,449	15,905,298	16,378,677	16,448,419	14,400,561	12,954,483	13,321,325
Net pension liability as a percentage of covered-employee payroll	476.68%	478.84%	449.94%	463.66%	472.58%	467.52%	421.23%

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

(2) Includes any beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 discount rate.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED
RATIOS CALPERS SAFETY PLAN – COST SHARING PLAN
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT DATE	2021	2020	2019	2018	2017	2016	2015
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Employer's proportion of the net pension liability	0.64965%	0.64307%	0.64023%	0.63484%	0.66255%	0.69644%	0.40840%
Employer's proportionate share of the net pension liability	\$ 70,684,876	\$ 65,895,794	\$ 61,694,097	\$ 62,958,433	\$ 57,330,655	\$ 47,803,079	\$ 25,412,444
Employer's covered-employee payroll ⁽²⁾	\$ 5,948,203	\$ 6,944,403	\$ 5,546,706	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708	\$ 5,819,708
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1188.34%	948.91%	1112.27%	1168.78%	1020.96%	821.40%	436.66%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	75.98%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

Fiscal year ended June 30, 2015 was the first year of implementation. Additional years will be added as they become available in the future.

⁽²⁾ Payroll amounts are for the periods ending on the measurement dates.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS – PENSION PLAN
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

MISCELLANEOUS PLAN

MEASUREMENT PERIOD FISCAL YEAR	2020 2020-2021	2019 2019-20	2018 2018-19	2017 2017-18	2016 2016-17	2015 2015-16	2014 2014-15
Actuarially determined contribution ⁽²⁾	7,648,070	\$ 7,373,216	\$ 6,626,128	\$ 5,754,105	\$ 5,782,821	\$ 5,311,369	\$ 4,214,549
Contributions in relation to the actuarially determined contribution ⁽²⁾	(7,648,070)	(7,373,216)	(6,626,128)	(5,754,105)	(5,782,821)	(5,311,369)	(4,214,549)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll ⁽³⁾	15,634,167	\$ 16,719,449	\$ 15,905,298	\$ 16,378,677	\$ 16,448,419	\$ 14,400,561	\$ 12,954,483
Contributions as a percentage of employee payroll	48.92%	44.10%	41.66%	35.13%	35.16%	36.88%	32.53%

SAFETY

MEASUREMENT PERIOD FISCAL YEAR	2020 2020-2021	2019 2019-20	2018 2018-19	2017 2017-18	2016 2016-17	2015 2015-16	2014 2014-15
Actuarially determined contribution ⁽²⁾	\$ 6,313,358	\$ 5,745,798	\$ 5,356,577	\$ 4,126,139	\$ 5,622,013	\$ 5,112,736	\$ 3,973,896
Contributions in relation to the actuarially determined contribution ⁽²⁾	(6,313,215)	(5,745,731)	(5,356,550)	(4,126,453)	(5,622,013)	(5,112,736)	(3,973,896)
Contribution deficiency	\$ 143	\$ 67	\$ 27	\$ (314)	\$ -	\$ -	\$ -
Covered-employee payroll ⁽³⁾	\$ 5,937,739	\$ 5,948,203	\$ 6,944,403	\$ 5,291,998	\$ 5,386,686	\$ 5,615,357	\$ 5,819,708
Contributions as a percentage of employee payroll	106.33%	96.60%	77.14%	77.97%	104.37%	91.05%	68.28%

(1) As prescribed in GASS 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions toward their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule of Plan Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 (a)PERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 calPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

	Fiscal Year Ending ⁽²⁾			
	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability				
Service cost	\$ 4,575,441	\$ 3,785,637	\$ 3,731,074	\$ 4,163,800
Interest	4,744,124	4,858,489	4,730,536	4,156,698
Differences between expected and actual experience	(135,090)	2,970,500	-	-
Changes of assumptions	15,907,862	9,929,633	(2,374,728)	(12,626,584)
Changes of benefit terms	-	-	-	-
Benefit payments	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Net change in total OPEB liability	19,976,198	16,706,366	1,306,220	(8,992,686)
Total OPEB Liability - beginning of year	149,552,071	132,845,705	131,539,485	140,532,171
Total OPEB Liability - end of year	\$ 169,528,269	\$ 149,552,071	\$ 132,845,705	\$ 131,539,485
Plan Fiduciary Net Position (FNP, assets)				
Employee contributions	\$ -	\$ -	\$ -	\$ -
Employer contributions	5,116,139	4,837,893	4,780,662	4,686,600
Net investment income	-	-	-	-
Other additions	-	-	-	-
Benefit payments	(5,116,139)	(4,837,893)	(4,780,662)	(4,686,600)
Administrative expense	-	-	-	-
Other deductions	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan Fiduciary Net Position - beginning of year	-	-	-	-
Plan Fiduciary Net Position - end of year	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - end of year	\$ 169,528,269	\$ 149,552,071	\$ 132,845,705	\$ 131,539,485
FNP as a percentage of Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
OPEB-eligible payroll for the measurement period	\$ 27,932,602	\$ 24,225,987	\$ 21,348,829	\$ 21,284,889
Net OPEB Liability as a % of eligible payroll	606.9%	617.3%	622.3%	618.0%

(1) The employer must disclose a 10-year history of the schedule of changes in Net OPEB Liability and related ratios.

(2) The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

CITY OF COMPTON, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS – OPEB
AS OF JUNE 30 FOR THE LAST TEN FISCAL YEARS (1)

Schedule of Contributions ⁽¹⁾ FISCAL YEAR	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution ⁽²⁾	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	N/A	N/A	N/A	N/A
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of employee payroll	N/A	N/A	N/A	N/A

⁽¹⁾ The employer must disclose a 10-year history of the contribution and payroll schedules.
⁽²⁾ Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

CITY OF COMPTON, CALIFORNIA
BUDGETARY COMPARISON – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amount	Final Budget Positive (Negative)
Revenue:				
Taxes and special assessments	\$ 48,254,897	\$ 53,746,494	\$ 61,342,888	\$ 7,596,394
Licenses and permits	5,438,000	4,517,147	5,239,844	722,697
Fines, forfeitures, and penalties	1,620,000	1,895,940	2,257,023	361,083
Use of money and property	525,000	577,627	41,226	(536,401)
Charges for services	7,121,248	6,791,134	3,256,972	(3,534,162)
Other	137,560	205,856	191,299	(14,557)
Total Revenue	<u>63,096,705</u>	<u>67,734,198</u>	<u>72,329,252</u>	<u>4,595,054</u>
Expenditures:				
General government:				
City Attorney	1,463,383	1,457,873	1,350,522	107,351
City Clerk	873,055	861,656	522,973	338,683
City Controller	1,787,108	1,761,408	1,553,615	207,793
City Council	567,827	590,243	543,540	46,703
City Manager	1,280,628	1,132,439	1,023,285	109,154
City Treasurer	540,735	533,956	510,764	23,192
Total general government	<u>6,512,736</u>	<u>6,337,575</u>	<u>5,504,699</u>	<u>832,876</u>
Management services:				
Non-departmental	3,015,820	4,214,540	2,994,593	1,219,947
Human resources	-	29,555	7,637	21,918
Total management services	<u>3,015,820</u>	<u>4,244,095</u>	<u>3,002,230</u>	<u>1,241,865</u>
Public safety:				
Fire	10,096,775	11,282,105	11,702,121	(420,016)
Municipal Law	3,130,480	2,719,299	2,423,312	295,987
Los Angeles County Sheriff	22,762,772	24,213,537	24,041,896	171,641
Total public safety	<u>35,990,027</u>	<u>38,214,941</u>	<u>38,167,329</u>	<u>47,612</u>
Public works:				
Water maintenance	2,252,210	2,584,946	2,253,679	331,267
Public works - street maintenance	304,194	411,878	208,048	203,830
Total public works	<u>2,556,404</u>	<u>2,996,824</u>	<u>2,461,727</u>	<u>535,097</u>
Environmental and human services:				
Planning and economic development	629,950	733,808	499,814	233,994
Parks and recreation	80,727	80,727	48,342	32,385
Total environmental and human services	<u>710,677</u>	<u>814,535</u>	<u>548,156</u>	<u>266,379</u>
Capital Outlay	7,111,502	11,041,608	6,299,162	4,742,446
Debt service:				
Principal	4,191,105	4,191,105	1,490,241	2,700,864
Interest	1,561,029	1,561,029	30,200	1,530,829
Total expenditures	<u>61,649,300</u>	<u>69,401,712</u>	<u>57,503,744</u>	<u>11,897,968</u>
Excess (deficiency) of revenues over (under) expenditures	1,447,405	(1,667,514)	14,825,508	16,493,022
Other financing sources (uses):				
Transfer to fiduciary fund	-	-	(2,994)	(2,994)
Transfers in	-	-	5,777,376	5,777,376
Transfers out	(1,447,405)	(1,874,453)	(4,915,400)	(3,040,947)
Total Other Financing Sources (Uses)	<u>(1,447,405)</u>	<u>(1,874,453)</u>	<u>858,982</u>	<u>2,733,435</u>
Net Change in Fund Balance	-	(3,541,967)	15,684,490	19,226,457
Fund balances (deficit), beginning, as previously reported			(16,527,626)	
Prior period adjustment			(2,654,247)	
Fund balances (deficit), beginning, as restated			<u>(19,181,873)</u>	
Fund Balances, Ending			<u>\$ (3,497,383)</u>	

Note to Budgetary Comparison Schedule:

Budgets are prepared using current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

CITY OF COMPTON, CALIFORNIA
BUDGETARY COMPARISON – MAJOR SPECIAL REVENUE FUND – RETIREMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	(Negative)
Revenue:				
Taxes and special assessments	\$ 26,325,000	\$ 29,418,673	\$ 34,123,170	\$ 4,704,497
Use of money and property	350,000	426,579	23,388	(403,191)
Total Revenue	<u>26,675,000</u>	<u>29,845,252</u>	<u>34,146,558</u>	<u>4,301,306</u>
Expenditures:				
Current:				
General government	1,176,299	1,176,299	917,339	258,960
Public safety	3,208,950	3,208,950	3,567,263	(358,313)
Public works	2,215,120	2,215,120	1,689,275	525,845
Management services	17,679,097	20,849,348	15,769,424	5,079,924
Environmental and human services	2,395,534	2,395,534	1,458,276	937,258
Total expenditures	<u>26,675,000</u>	<u>29,845,251</u>	<u>23,401,577</u>	<u>6,443,674</u>
Excess (Deficiency) of Revenues				
Over Expenditures	-	1	10,744,981	10,744,980
Net Change in Fund Balance	-	1	10,744,981	10,744,980
Fund balances, beginning, as previously reported			61,445,994	
Prior period adjustment			(6,915,290)	
Fund balances, beginning, as restated			<u>54,530,704</u>	
Fund Balances, Ending			<u>\$ 65,275,685</u>	

Note to Budgetary Comparison Schedule:

Budgets are prepared using current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

SUPPLEMENTARY INFORMATION

CITY OF COMPTON, CALIFORNIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue Funds			
	Federal Grants	Local Housing Authority	State and County Grants	Gasoline Tax
ASSETS				
Cash and investments	\$ 22,478,541	\$ 408,510	\$ 3,575,869	\$ 5,102,936
Receivables, net	71,429	7	10	378,482
Due from other funds	-	-	4,282	-
Due from other governments	421,789	-	641,915	-
Other assets	-	679,351	-	-
Advances to other funds	-	-	58,490	-
Restricted investments	-	-	-	-
Loans receivable, net	399,758	-	-	-
Total Assets	<u>23,371,517</u>	<u>1,087,868</u>	<u>4,280,566</u>	<u>5,481,418</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 171,004	\$ 53,849	\$ 257,023	\$ 34,337
Due to other funds	341,305	-	522,899	-
Unearned revenue	19,091,474	183,477	1,012,974	-
Total Liabilities	<u>19,603,783</u>	<u>237,326</u>	<u>1,792,896</u>	<u>34,337</u>
DEFERRED INFLOW ON RESOURCES				
Deferred revenue	421,789	-	518,102	-
Total Liabilities	<u>421,789</u>	<u>-</u>	<u>518,102</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Other assets	-	679,351	-	-
Loans receivable, net	399,758	-	-	-
Restricted for:				
Debt service	-	-	-	-
Housing	-	171,191	-	-
Grants	2,946,187	-	1,969,568	-
Transit systems	-	-	-	5,447,081
Public works	-	-	-	-
Law enforcement	-	-	-	-
Committed to:				
Development	-	-	-	-
Total Fund Balances	<u>\$ 3,345,945</u>	<u>\$ 850,542</u>	<u>\$ 1,969,568</u>	<u>\$ 5,447,081</u>

Special Revenue Funds			Debt Service Fund		
MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Public Finance Authority	Total	
\$ 13,481,669	\$ 254,312	\$ 435,584	\$ 639,702	\$ 46,377,123	ASSETS
745,387	-	-	-	1,195,315	Cash and investments
43,517	-	-	26,226	74,025	Receivables, net
220,645	129,340	-	-	1,413,689	Due from other funds
-	-	-	-	679,351	Due from other governments
-	-	-	811,045	869,535	Other assets
-	-	-	44,113,698	44,113,698	Advances to other funds
-	-	-	-	399,758	Restricted investments
<u>14,491,218</u>	<u>383,652</u>	<u>435,584</u>	<u>45,590,671</u>	<u>95,122,494</u>	Loans receivable, net
					Total Assets
\$ 210,091	\$ 110,616	\$ -	\$ -	\$ 836,920	LIABILITIES
258,241	-	-	5,921	1,128,366	Accounts payable and accrued liabilities
67,619	-	-	-	20,355,544	Due to other funds
<u>535,951</u>	<u>110,616</u>	<u>-</u>	<u>5,921</u>	<u>22,320,830</u>	Unearned revenue
					Total Liabilities
959,307	-	-	-	1,899,198	DEFERRED INFLOW ON RESOURCES
<u>959,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899,198</u>	Deferred revenue
					Total Liabilities
-	-	-	-	679,351	FUND BALANCES (DEFICITS)
-	-	-	-	399,758	Nonspendable:
-	-	-	45,584,750	45,584,750	Other assets
12,995,960	-	-	-	171,191	Loans receivable, net
-	273,036	-	-	4,915,755	Restricted for:
-	-	4,320	-	18,443,041	Debt service
-	-	-	-	273,036	Housing
<u>\$ 12,995,960</u>	<u>\$ 273,036</u>	<u>\$ 435,584</u>	<u>\$ 45,584,750</u>	<u>\$ 70,902,466</u>	Grants
					Transit systems
					Public works
					Law enforcement
					Committed to:
					Development
					Total Fund Balances

CITY OF COMPTON, CALIFORNIA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS**
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			
	Federal Grants	Local Housing Authority	State and County Grants	Gasoline Tax
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	1,915,426	8,724,370	2,388,947	3,938,946
Use of money and property	24,775	302	5,269	-
Charges for services	-	-	-	-
Other	205,811	801,304	-	-
Total revenues	<u>2,146,012</u>	<u>9,525,976</u>	<u>2,394,216</u>	<u>3,938,946</u>
Expenditures:				
Current:				
General government	-	14,182	26,123	-
Public safety	-	-	128,970	-
Public works	-	-	295,735	1,167,269
Management services	-	-	8,584	-
Environmental and human services	879,900	8,978,364	59,446	-
Debt service payment				
Principal	500,000	-	-	-
Interest	6,125	-	-	-
Capital outlay	<u>1,120,409</u>	<u>59,194</u>	<u>324,484</u>	<u>3,989,987</u>
Total expenditures	<u>2,506,434</u>	<u>9,051,740</u>	<u>843,342</u>	<u>5,157,256</u>
Excess (deficiency) of revenue over expenditures	(360,422)	474,236	1,550,874	(1,218,310)
Other financing sources (uses):				
Bond issuance	-	-	-	-
Transfers in	-	1,882	-	3,187
Transfers out	-	-	(1,111,081)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,882</u>	<u>(1,111,081)</u>	<u>3,187</u>
Net change in fund balance	<u>(360,422)</u>	<u>476,118</u>	<u>439,793</u>	<u>(1,215,123)</u>
Fund balances, beginning as previously stated	4,448,552	1,095,769	1,307,933	6,677,360
Prior Period Adjustment	<u>(742,185)</u>	<u>(721,345)</u>	<u>221,842</u>	<u>(15,156)</u>
Fund balances (deficit), beginning, as restated	<u>3,706,367</u>	<u>374,424</u>	<u>1,529,775</u>	<u>6,662,204</u>
Fund balances (deficit), ending	<u>\$ 3,345,945</u>	<u>\$ 850,542</u>	<u>\$ 1,969,568</u>	<u>\$ 5,447,081</u>

Special Revenue Funds				Debt Service Fund	
MTA	Citywide Lighting and Landscaping District	Other Nonmajor	Public Finance Authority	Total	
\$ -	\$ 4,250,343	\$ -	\$ -	\$ 4,250,343	Revenues:
6,542,815	-	-	-	23,510,504	Taxes and special assessments
19,228	-	-	2,856	52,430	Intergovernmental revenues
-	-	65,073	-	65,073	Use of money and property
149,228	-	-	-	1,156,343	Charges for services
6,711,271	4,250,343	65,073	2,856	29,034,693	Other
					Total revenues
					Expenditures:
					Current:
76,000	-	-	1,648,140	1,764,445	General government
-	-	-	-	128,970	Public safety
591,840	598,166	-	5,921	2,658,931	Public works
-	1,174,071	-	-	1,182,655	Management services
37,162	-	-	-	9,954,872	Environmental and human services
-	-	-	2,095,000	2,595,000	Debt service payment
-	-	-	1,206,351	1,212,476	Principal
3,685,118	1,442,005	-	-	10,621,197	Interest
4,390,120	3,214,242	-	4,955,412	30,118,546	Capital outlay
					Total expenditures
					Excess (deficiency) of revenue over expenditures
2,321,151	1,036,101	65,073	(4,952,556)	(1,083,853)	
					Other financing sources (uses):
-	-	-	41,809,785	41,809,785	Bond issuance
38,680	-	-	4,065,847	4,109,596	Transfers in
(658,944)	(200,000)	-	(75,000)	(2,045,025)	Transfers out
(620,264)	(200,000)	-	45,800,632	43,874,356	Total Other Financing Sources (Uses)
1,700,887	836,101	65,073	40,848,076	42,790,503	Net change in fund balance
					Fund balances, beginning as previously stated
11,357,288	(549,687)	370,511	4,781,007	29,488,733	Prior Period Adjustment
(62,215)	(13,378)	-	(44,333)	(1,376,770)	Fund balances (deficit), beginning, as restated
11,295,073	(563,065)	370,511	4,736,674	28,111,963	Fund balances (deficit), ending
\$ 12,995,960	\$ 273,036	\$ 435,584	\$ 45,584,750	\$ 70,902,466	

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
 JUNE 30, 2021

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self-Insurance</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and investments	\$ 3,253,038	\$ 42,837	\$ 196,594	\$ 3,492,469
Due from other funds	-	-	1,636	1,636
Other assets	31,466	-	41,109	72,575
Total current assets	<u>3,284,504</u>	<u>42,837</u>	<u>239,339</u>	<u>3,566,680</u>
Noncurrent Assets:				
Advances to other funds	1,200,000	-	50,591	1,250,591
Capital assets:				
Nondepreciable	44,109	-	-	44,109
Depreciable, net	<u>2,426,388</u>	<u>30,043</u>	<u>-</u>	<u>2,456,431</u>
Total noncurrent assets	<u>3,670,497</u>	<u>30,043</u>	<u>50,591</u>	<u>3,751,131</u>
Total Assets	<u>6,955,001</u>	<u>72,880</u>	<u>289,930</u>	<u>7,317,811</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow on pension and OPEB	316,453	147,950	667,737	1,132,140
Total Deferred Outflows of Resources	<u>316,453</u>	<u>147,950</u>	<u>667,737</u>	<u>1,132,140</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	83,382	3,588	165,064	252,034
Due to other funds	-	619	64,547	65,166
Compensated absences	9,221	4,287	19,538	33,046
Self-insurance claims	-	-	3,939,719	3,939,719
Total current liabilities	<u>92,603</u>	<u>8,494</u>	<u>4,188,868</u>	<u>4,289,965</u>
Noncurrent Liabilities				
Compensated absences	30,883	14,358	65,446	110,687
Advances from other funds	-	281,322	10,283,724	10,565,046
Self-insurance claims	-	-	17,918,287	17,918,287
Net pension liabilities	763,252	356,841	1,610,511	2,730,604
Other post-employment benefits payable	<u>1,623,539</u>	<u>759,049</u>	<u>3,425,773</u>	<u>5,808,361</u>
Total noncurrent liabilities	<u>2,417,674</u>	<u>1,411,570</u>	<u>33,303,741</u>	<u>37,132,985</u>
Total Liabilities	<u>2,510,277</u>	<u>1,420,064</u>	<u>37,492,609</u>	<u>41,422,950</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow on pension and OPEB	14,784	6,912	31,195	52,891
Total Deferred Inflows of Resources	<u>14,784</u>	<u>6,912</u>	<u>31,195</u>	<u>52,891</u>
NET POSITION				
Net investment in capital assets	2,470,497	30,043	-	2,500,540
Unrestricted (deficit)	<u>2,275,896</u>	<u>(1,236,189)</u>	<u>(36,566,137)</u>	<u>(35,526,430)</u>
Total Net Position (Deficit)	<u>\$ 4,746,393</u>	<u>\$ (1,206,146)</u>	<u>\$ (36,566,137)</u>	<u>\$ (33,025,890)</u>

CITY OF COMPTON, CALIFORNIA
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS**
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self-Insurance</u>	<u>Total</u>
Operating revenues:				
Charges to other funds	\$ 1,598,060	\$ 188,873	\$ 1,416,576	\$ 3,203,509
Investment income	-	-	115	115
Other	90,000	-	-	90,000
Total operating revenues	<u>1,688,060</u>	<u>188,873</u>	<u>1,416,691</u>	<u>3,293,624</u>
Operating expenses:				
Salaries and wages	1,577,989	377,265	2,731,773	4,687,027
Contractual services	5,262	-	2,330,412	2,335,674
Materials and supplies	244,601	-	-	244,601
Repairs and maintenance	34,222	26,959	-	61,181
Depreciation expense	589,632	9,181	-	598,813
Other expenses	1,960	22,980	20,270	45,210
Self-insurance services	-	-	4,149,259	4,149,259
Total operating expenses	<u>2,453,666</u>	<u>436,385</u>	<u>9,231,714</u>	<u>12,121,765</u>
Income (loss) before transfers	<u>(765,606)</u>	<u>(247,512)</u>	<u>(7,815,023)</u>	<u>(8,828,141)</u>
Transfers in	810	-	3,047,995	3,048,805
Transfers out	(250,000)	-	(50,591)	(300,591)
Change in net position	<u>(1,014,796)</u>	<u>(247,512)</u>	<u>(4,817,619)</u>	<u>(6,079,927)</u>
Net position, beginning, as previously reported	3,932,297	(995,280)	(30,753,251)	(27,816,234)
Prior period adjustment	1,828,892	36,646	(995,267)	870,271
Net position, beginning, restated	<u>5,761,189</u>	<u>(958,634)</u>	<u>(31,748,518)</u>	<u>(26,945,963)</u>
Net position, ending	<u>\$ 4,746,393</u>	<u>\$ (1,206,146)</u>	<u>\$ (36,566,137)</u>	<u>\$ (33,025,890)</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self- Insurance</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,688,060	\$ 188,873	\$ 1,416,691	3,293,624
Cash payments to suppliers for goods and services	3,591,322	(50,267)	(8,292,787)	(4,751,732)
Cash payment to employees for services	(215,492)	(93,191)	(417,241)	(725,924)
Net cash provided by (used in) operating activities	<u>5,063,890</u>	<u>45,415</u>	<u>(7,293,337)</u>	<u>(2,184,032)</u>
Cash flows from non-capital financing activities:				
Advances to other funds	(1,200,000)	-	-	(1,200,000)
Advances from other funds	-	-	4,400,000	4,400,000
Transfers in	810	-	3,047,995	3,048,805
Transfers out	(250,000)	-	(50,591)	(300,591)
Net cash provided by (used in) non-capital financing Activities	<u>(1,449,190)</u>	<u>-</u>	<u>7,397,404</u>	<u>5,948,214</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(385,150)	(2,578)	-	(387,728)
Net cash used in capital and related financing activities	<u>(385,150)</u>	<u>(2,578)</u>	<u>-</u>	<u>(387,728)</u>
Cash flows from investing activities:				
Interest received on investments	-	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	3,229,550	42,837	104,067	3,376,454
Cash and cash equivalents, beginning	23,488	-	92,527	116,015
Cash and cash equivalents, ending	<u>\$ 3,253,038</u>	<u>\$ 42,837</u>	<u>\$ 196,594</u>	<u>3,492,469</u>

CITY OF COMPTON, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Equipment Rental</u>	<u>Central Duplication</u>	<u>Self- Insurance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net				
Cash provided by (used in) operating activities:				
Operating income (loss)	\$ (765,606)	\$ (247,512)	\$ (7,815,023)	\$ (8,828,141)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	589,632	9,181	-	598,813
Changes in operating assets and liabilities:				
Decrease (increase) in due from other funds	3,900,000	-	(1,636)	3,898,364
Decrease (increase) in other assets	(8,567)	-	(41,109)	(49,676)
Increase (decrease) in accounts payable	17,649	(988)	37,198	53,859
Increase (decrease) in accrued liabilities	(25,311)	2,840	49,368	26,897
Increase (decrease) in due to other funds	-	619	(4,135,452)	(4,134,833)
Increase (decrease) in OPEB	1,044,705	294,072	2,609,577	3,948,354
Increase (decrease) in retirement pay	315,549	(22,107)	(223,687)	69,755
Increase (decrease) in self-insurance claims	-	-	2,311,739	2,311,739
Increase (decrease) in compensated absences	(4,161)	9,310	(84,312)	(79,163)
Net cash provided by (used in) operating activities	<u>\$ 5,063,890</u>	<u>\$ 45,415</u>	<u>\$ (7,293,337)</u>	<u>\$ (2,184,032)</u>